



Doing Business in Taiwan:

2016 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 2015, Taiwan was ranked as the United States' 9th-largest trading partner in goods, placing it ahead of markets such as India and Brazil. It was also the 14th-largest U.S. export market overall and the seventh-largest export market for agricultural and livestock products. In 2015, Taiwan was the seventh largest source of foreign students pursuing higher education in the United States.

In 2015, according to the U.S. Census, exports to Taiwan decreased 2.8 % to US\$ 26 billion. Imports from Taiwan rose 0.3% to US\$ 40.7 billion. Taiwan ran a trade surplus with the United States of US\$ 14.8 billion dollars in 2015, an increase of US\$ 868 million over the year before.

Mainland China (including Hong Kong) is Taiwan's largest trading partner, accounting for 22.7% of total trade and 19.3% of Taiwan's imports in 2015. The United States is Taiwan's second largest trading partner, accounting for 11.9% of total trade, including 11.6% of Taiwan's imports from Japan follows with 11.4% of total trade, including 17% of Taiwan's imports.

Taiwan was the world's sixth-largest holder of foreign exchange reserves and gold as of December 2015, with holding of US\$425.3 billion. In 2015, the Taiwan economy registered 0.75% GDP growth. Slightly stronger growth of 1.36% is forecast in 2016. Unemployment has decreased to 3.78%.

In 2015, local private consumption remained flat due to stagnant or declining wages. Real estate sales in several areas, especially Taipei city and New Taipei City, are showing significant growth.

Market Challenges

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Taiwan is a sophisticated market in which consumers are plugged into global trends. U.S. products are well represented in the market, as are products from across the region, especially mainland China and other lower-cost producers. Taiwan is a good target market for 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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The United States and Taiwan have a long-standing and vibrant trade relationship. Taiwan is our 9th largest goods trading partner and a top-10 destination for U.S. agricultural and food exports. U.S. goods and services trade with Taiwan totaled an estimated \$88 billion in 2015.

The Trade and Investment Framework Agreement (TIFA) signed in 1994, provides the primary mechanism for trade dialogue between the United States and Taiwan authorities to expand trade and investment links and deepen cooperation. During the 2015 TIFA meetings, U.S. and Taiwan experts agreed to continue fully utilizing the Investment Working Group for dialogue on a robust set of priority investment issues to improve Taiwan's investment climate and deepening cooperation on trade secrets protection. The two sides recognized the need for further engagement on improving the time-to-market of medical devices, including streamlining regulatory approvals. The TBT Working Group also yielded important progress on reducing regulatory obstacles in the chemical registration process. The United States and Taiwan held in-depth discussions on a range of agricultural issues and agreed that more must be done to secure meaningful progress on these issues. Taiwan authorities took further concrete steps in the months following the 2014 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 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.

On November 1, 2012, Taiwan became the 37th economy to enter the U.S. Visa Waiver (VWP) program. The 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). The United States is the top long-haul destination for Taiwan's outbound travelers, and the U.S. VWP has substantially increased bilateral goodwill between the United States and Taiwan. In April 2016, the U.S. and Taiwan signed a joint statement regarding cooperation on an International Expedited Traveler Initiative which will expand U.S. Customs and Border Protection's Global Entry program.

Given Taiwan's status as a mature economy, alongside the fact that it has robust trade relations with the U.S. means that companies seeking to enter the market must consider their product positioning vis-à-vis existing competition both domestically produced and imported. Taiwan has an ageing population, so demand for products and services targeted at that demographic will grow for the foreseeable future.

In this guide, we have dedicated specific chapters to the following industries as the best prospects for U.S. exports: Computer Services & Software, Education, Electric Power Equipment & Energy, Electronic Components, Electronics Industry Production/Test Equipment, Franchising, Household Consumer Goods, Medical Devices, Pleasure Boats, Pollution Control Equipment, Telecommunications Equipment, and Travel & Tourism for Commercial Sectors.

For agriculture related products, the best prospects for U.S. exports include Beef, Cheese, Fish & Seafood Products, Fresh Fruit, Pet Food, Poultry Meats, Ready-to-use Processed Foods/Ingredients, Softwood & Treated Lumber, Tree Nuts and Wine & Spirits. U.S. firms wishing to learn more about above mentioned best prospect reports, please check Chapter 8 for "Leading Sectors for U.S. Export and Investment".

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 is usually confirmed by U.S. banks.

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Chapter 2: Political and Economic Environment

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

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

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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 Information is also available at: <http://2016.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>.

Franchising

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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.

Direct Marketing

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Multi-level marketing has become a popular second job for many professionals 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).

Selling to the Government

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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 entities covered under the agreement meet or exceed the following threshold values:

- Public contracts valued at over US\$194,000 for goods and services and approximately US\$7.45 million for construction services.
- State-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 2014, foreign firms won 417 contracts under GPA worth a total of US\$1.1 billion. U.S. firms won 179 contracts with a total value of US\$276 million. Most of the procuring entities were public agencies and state owned enterprises, hospitals, and universities. Advanced laboratory instrumentation & testing devices, equipment for power generation & environmental controls, specialty chemicals such as additives and catalysts, equipment for aviation controls, equipment for atmospheric monitoring, and advanced medical devices can be considered best prospect areas for U.S. firms that are interested in selling to Taiwan.

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

U.S. exporters are encouraged to visit the Commercial Service Taiwan's GPA website:
<http://2016.export.gov/taiwan/doingbusinessintaiwan/taiwangpaopportunitiesforu.s.exporters/index.asp>

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.

Express Delivery

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Airlife Freight (Taiwan) Corp.
1F, No.8, Lane 389, Sec.5, Nanking E. Rd., Taipei 105, Taiwan
Tel: 886-2-27647711
Fax:889-2-2769-2558/2760-6868
Website: <http://www.airlife-freight.com>

Dachain Express
No.129, Xintai St., Nanzi Dist., Kaohsiung City 81147, Taiwan
Tel: 886-7-363-6010
Fax:889-7-363-6030
Website: <http://www.dachain.com.tw>

DHL Taiwan
1F., No.82, Sec.2, Jianguo N. Rd., Zhongshan Dist., Taipei City 10416, Taiwan
Tel: 886-2-2503-6858
Website: <http://www.Dhl.com.tw/zt.html>

DHL Taiwan Corporation
12F., No.82, Sec.2, Jianguo N. Rd., Zhongshan Dist., Taipei City 10416, Taiwan
Tel: 886-2-2503-6858
Fax: 886-2-2505-0768
Website: <http://www.dhl.com.tw/en.html>

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

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

UPS International Inc. –Taiwan
2F., No.361, Danan Rd., Shilin Dist., Taipei City 11161, Taiwan
Tel: 886-2-2883-3868
Fax:889-2-2880-9498
Website: <http://www.ups.com/tw>

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.

e 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 reached 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.

Trade Promotion and Advertising

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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/>
- 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 govern 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://2016.export.gov/taiwan/>

Pricing

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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.

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.

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

Granting patents registrations are generally is based on a first-to-file. Similarly, registering trademarks is based on a first-to-file, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Taiwan market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Taiwan. It is the responsibility of 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. The U.S. Commercial Service can provide a list of local lawyers upon request. Local lawyer link:

<http://www.tipo.gov.tw/lp.asp?CtNode=7109&CtUnit=3318&BaseDSD=70&mp=2>

While the U.S. Government 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 the USG 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 U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether 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

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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.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. 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 United States, contact the U.S. 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/businesss-tools/country-ipr-toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. You can get contact information below for the IP attaché who covers the following countries:

CHINA

Beijing, China

Joel Blank
joel.blank@trade.gov

Guangzhou, China
Timothy Browning
timothy.browning@trade.gov

Shanghai, China
Michael Mangelson
michael.mangelson@trade.gov

Southeast Asia

Vacant – contact Dominic Keating
Dominic.Keating@USPTO.GOV

South America

Vacant – contact Dominic Keating
Dominic.Keating@USPTO.GOV

Geneva, Switzerland

Deborah Lashley-Johnson
deborah_e_lashley-johnson@ustr.eop.gov

Mexico, Central America and the Caribbean

Todd.Reves@trade.gov

India & South Asia

Vacant – contact Dominic Keating
Dominic.Keating@USPTO.GOV

Middle East & North Africa

Aisha Y. Salem
aisha.salem@trade.gov

Lima, Peru

Ann Chaitovitz
Ann.chaitovitz@trade.gov

Russia, the C.I.S. and Georgia

Donald Townsend
donald.townsend@trade.gov

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://2016.export.gov/taiwan/servicesforu.s.companies/index.asp>

Local Professional Services

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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 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>

Principle Business Associations

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American Institute in Taiwan (AIT)

Commercial Section

Chief: Ireas Cook

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

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

Fax: 886-2-2757-7162

Website: <http://2016.export.gov/taiwan/>

Agriculture Trade Office

Director: Chris Frederick

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: Jeffrey Horwitz
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
14th 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: Por-Fong Lin
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: Francis Kuo-Hsin Liang
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>

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

Chinese National Association of Industry and Commerce, Taiwan
13F, No. 390, Sec.1, Fuxing S Rd., Taipei 10656, Taiwan

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

Chinese National Export Enterprises Association
6F, No.285, Sec.3, Nanjing E. Rd., Songshan Dist., Taipei City 10550, Taiwan
Tel: 886-2-2713-6920; 886-2-2712-9525
Fax: 886-2-2713-0115; 886-2-2545-1668
Website: <http://www.cneea.org.tw>

Confederation of Asia-pacific Chambers of Commerce and Industry (CACCI)
14F, No.11, Songgao Rd., Xinyi Dist., Taipei City 11073, Taiwan
Tel: 886-2-2725-5563/4
Fax: 886-2-2725-5665
Website: <http://cacci.biz>

General Chamber of Commerce of the R.O.C.
6F, No. 390, Sec. 1, Fuxing S. Rd., Da-an Dist., Taipei City 10656, Taiwan
Tel: 886-2-2701-2671
Fax: 886-2-2755-5493
Website: <http://www.roccoc.org.tw>

International Trade Association of R.O.C.
12F.-1, No.125, Sec.3, Roosevelt Rd., Da an Dist., Taipei City 10647, Taiwan
Tel: 886-2-8369-5907
Website: <http://www.trade-taiwan.org>

Taiwan Agencies

Ministry of Economic Affairs (MOEA)
Minister: Lee, Chih-Kung
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: Sheu, Yu-Jer
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: Jen-Ni Yang
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: Ding, Kung-Wha
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: Hochen, Tan
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: Tsao, Chi-Hung
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: Lin, Tzou-Yien
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: Lee, Ying-Yuan
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

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>

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

Standards body: Bureau of Standards, Metrology, and Inspection, No. 4, Sec. 1, Jinan Road, Taipei 100; telephone:

Tel: +886-2-23431700

Fax: +886-2-23560998

Website: <http://www.bsmi.gov.tw/wSite/mp?mp=2>

Conformity assessment: Under the Commodity Inspection Act, more than 1,000 types of commodities are subject to inspection by BSMI to ensure conformity with national and international standards. Most of these products are foodstuffs and agricultural goods, followed by mechanical, electrical, chemical, and mineral products. The law specifies four methods for determining compliance: batch-by-batch inspection, monitoring inspection, registration of product certification, and self-declaration of conformity. The type of commodity determines the applicable method for assessing compliance. Exporters are urged to consult closely with their importers and with the Bureau of Standards, Metrology, and Inspection concerning specific requirements for their products.

WTO Technical Barriers to Trade Agreement: Taiwan must adhere to the WTO's Agreement on Technical Barriers to Trade, which prohibits the use of WTO member countries' national product standards and certification systems as impediments to trade. Central governments must ensure that their respective local government and

nongovernmental standards-making bodies adhere to the principles of the agreement and must notify to the WTO any new or proposed standards. The TBT Agreement covers standards for all products, including agricultural, industrial, and consumer goods, as well as production and processing methods and conformity assessment procedures.

If U.S. exporters have reason to believe that a standard of any WTO member country unjustifiably impedes exports to that country, they may communicate these concerns to the National Center for Standards and Certification Information at the National Institute of Standards and Technology.

Additional information: The U.S. Department of Agriculture's Foreign Agricultural Service provides information on foreign agricultural standards and testing and certification systems. The National Center for Standards and Certification Information at the National Institute of Standards and Technology maintains information on foreign nonagricultural standards and testing and certification systems.

Additional information on foreign standards also is available to firms in the U.S. through the American National Standards Institute.

Further information about individual industry: <http://www.bna.com/international-trade-law-p17179871301/>

Selling US Products and Services Web Resources

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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.bost.ey.gov.tw/bost_en/News_Content.aspx?n=D8F92467DC22EA1D&s=CCAA11AEDE134B27

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/mp.asp?mp=2>

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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. In November 2015, Taiwan decreased import tariffs to 5 percent for four environmental goods under Commodity Classification Codes (CCC) of 8412.90.00; 8501.64.90; 8502.31.00; and 8502.39.90.

Taiwan continues to make unilateral improvements to its tariff structure on finished goods and raw materials. In 2015, the average nominal tariff rate for industrial products was 4.23%, and 14.66% for agricultural products. The overall average nominal tariff rate for imported goods was 6.35% in 2015. 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.

Trade Barriers

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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 and chemical registration requirements are overly restrictive, burdensome, or different from international standards or best practices. Revisions to standards and multi-pack labeling requirements and establishment of a single-window for chemical registration furthered by the Working Group have improved the business climate. Efforts will continue to eliminate TBT impediments remaining in some areas, especially the services, retail, cosmetics 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. In May 2015, the Ministry of Labor (MOL) announced amendments to the *Qualifications and Criteria Standards for foreigners undertaking the jobs specified under Article 46.1.1 to 46.1.6 of the Employment Service Act* that eliminate the one-year experience requirement for certain fields.

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; Free On Board (FOB), Cost and Freight (CFR), or Cost, Insurance and Freight (CIF) value; insurance; freight; and discounts or commissions, if any. The commodity description and value shown on the commercial invoices must agree with those on the import license, if any. No requirements exist as to the form of a commercial invoice or a bill of lading. A packing list is required for all shipments 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. The Bureau of Foreign Trade (BOFT) set up an on-line import application system that can be accessed via https://cfgate.trade.gov.tw/boft_pw/do/Default

U.S. Export Controls

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The U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for the Export Administration Regulations (EAR), which regulate the export and re-export of "dual-use" items and certain military items. Other agencies in the U.S. government additionally regulate other types of exports, such as military or nuclear exports.

Dual-use items are often found in commercial settings, but have both commercial and military applications. They may require a license for export even if you know the items are for a commercial end-use. Many of the items that are controlled by BIS are listed on the Commerce Control List, which is made up mostly of items from international control lists, but which also includes items that the United States controls unilaterally.

The majority of exports to or through Taiwan do not require an export license, and U.S. export requirements for Taiwan are similar to export requirements for much of Southeast Asia. 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 a BIS export license, the exporter must either find a "License Exception" that authorizes their transaction, or else file an application with BIS. If an exporter needs help determining license requirements, BIS has resources available to help, including training materials and commodity classification and advisory opinion services.

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. BIS has more information on these seminars, and on other training materials, in the Compliance and Training section of their website www.bis.doc.gov. BIS also has export counselors who can be contacted by phone.

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

Exporters to Taiwan should be aware that Taiwan controls dual-use exports in a manner similar to other regional destinations, such as Hong Kong, Singapore, Malaysia, and Japan. The numbering system of the Taiwan control list generally matches the numbering system of the Commerce Control List, so understanding how your item is controlled in the United States should help you understand how your item may be controlled in Taiwan.

If you are exporting an item that will transship through Taiwan or be re-exported from Taiwan, your customer in Taiwan may seek more information about U.S. export

controls—and in particular about the U.S. classification and authorization. Providing this information may help them determine their own local obligations.

Other Resources:

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here:

<http://developer.trade.gov/consolidated-screening-list.html>

Bureau of Foreign Trade, Taiwan

Taiwan's Bureau of Foreign Trade is the agency responsible for export licensing in Taiwan. For more information on Taiwan Export Control, please visit

<http://www.trade.gov.tw/english/Pages/List.aspx?nodeID=298>

Temporary Entry

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Taiwan is not a member of the Admission Temporaire/Temporary Admission (ATA) Carnet system. However, Taiwan has signed bilateral agreements with 41 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 Taipei Economic and Cultural Representative Office/American Institute Taiwan (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
Website: <http://www.uscib.org>

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

assembly will be based on the costs of repair or assembly (excluding freight and insurance).

Labeling and Marking Requirements

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

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

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

Taiwan's Commodity Labeling Act, amended on January 26, 2011, 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.

Article 9 of the Act states, 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.

According to the Article 10 of the Act, 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.

More information is available on the COA's website: <http://eng.coa.gov.tw/>

Detailed requirements on commodities and food products are specified in the *Commodity Labeling Act* and *Act Governing Food Safety and Sanitation*.

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. As of April 2016, 115 CCC items were prohibited unless approved by BOFT as special cases, and 16 items were allowed to be imported with conditions. Most of the permit-required categories are related to public sanitation and national defense concerns, and include some agricultural products and ammunition. In addition, Taiwan maintains a lengthy list of products that are banned if made in mainland China, including chocolate confectionary and meters for medical equipment. 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 April 2016, Taiwan allows 1,691 agricultural and 7,696 industrial items to be imported from mainland China, accounting for 63.5 percent and 86.18 percent respectively of all imported agriculture and industrial categories.

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

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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:

Customs Administration
Ministry of Finance (MOF)
No. 13, Tacheng St., Datong Dist., Taipei City 10341, Taiwan
Tel: 886-(02)2550-5500
Fax: 886-(02)2550-7643
Website: <http://web.customs.gov.tw>

Trade 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 December 2015, BSMI has 14,575 national standards. Of these standards, 4,298 correspond with international standards, and the harmonization for 3,989 of them has been completed as of December 2015. 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.

Standards

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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.

As of April 2016, 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, 253 products are subject to EMC inspection, of which 133 are electrical items, and 120 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.

Under the March 1999 "Mutual Recognition Agreement for Equipment subject to Electro-Magnetic Compatibility (EMC) Regulations between Taipei Economic and Cultural Representative Office and American in Taiwan," NIST may designate testing laboratories in accordance with the general provisions and Appendix A of the Asia Pacific Economic Cooperation Telecom Mutual Recognition Agreement for recognition as Conformity Assessment Bodies (CABs) with respect to the EMC regulations of the BSMI. As of April 2016, BSMI recognizes 79 EMC testing laboratories in the U.S. . Still, except for EMC testing, all other kinds of 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 media – with a total of 32 fields. So far, TAF has accredited over 1,931 laboratories in Taiwan. There are about 47 accredited bodies under TAF engaged in the accreditation of management systems which include quality, environmental, occupational health and safety, information security, food safety, and green 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/wSite/mp?mp=1>

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.

Contact Information

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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/wSite/mp?mp=1>

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).

As of April 2016, Taiwan has signed five free trade agreements (FTA); which include one with Panama in August 2003, one with Republic of Guatemala in July 2005, one with Republic of Nicaragua in June 2006, one with Republic of El Salvador and Republic of Honduras in May 2007, and one with New Zealand in July 2013. In addition, Taiwan inked the Cross-Strait Economic Cooperation Framework Agreement (ECFA) with China in June 2010, the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation in July 2013, and the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP) in November 2013.

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/>

Licensing Requirements for Professional Services

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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.

Trade Regulation Web Resources

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

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

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

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

Commerce Industrial Services Portal, MOEA: <http://gcis.nat.gov.tw>

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

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Chapter 5: Investment Climate Statement

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Executive Summary

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Strategically located between Northeast and Southeast Asia, Taiwan is an important hub for regional and global trade and investment, especially in the high-technology industry. Indicative of its developed and open investment environment, Taiwan ranks in the upper 15th percentile of major global indices measuring ease of doing business, economic freedom, and competitiveness. To promote Taiwan's regional economic integration and as part of seeking participation in multilateral free trade arrangements, regulatory agencies have initiated reforms across many sectors of the economy, including enhancements to protection of intellectual property rights and other investment-related regulations.

As a relatively open and liberal economy, Taiwan benefits from substantial foreign direct investment, with a total cumulative stock of USD 137 billion in approved investment as of December 2015. Taiwan's GDP growth slowed to 0.65 percent 2015, largely as a result of declining exports due to slow regional and global economic growth. Taiwan attracts a wide range of U.S. investors, including in high-tech, traditional manufacturing, and services. The United States is Taiwan's largest single source of foreign investment, with the stock of committed U.S. foreign direct investment reaching USD 17.1 billion in 2014. U.S. private commercial services exports to Taiwan totaled over USD 12.8 billion in 2014.

Structural impediments in Taiwan's investment environment include stalled progress on the privatization of Taiwan's state-owned enterprises (SOEs), which exert influence in the utilities, aerospace, energy, postal, transportation, financial, and real estate sectors. Foreign ownership limits remain in place for wireless and fixed-line telecommunications,

television broadcast, and transportation. Restrictions on investments from mainland China in some sectors have been relaxed as cross-Strait ties have improved. The Taiwan Central Bank retains a currency convertibility policy in which it reserves the right to require large transactions that could impact the foreign exchange market to be scheduled over several days. Foreign private equity firms have noted a lack of transparency and predictability in the investment approvals process.

Aiming to promote Taiwan as a regional financial hub, Taiwan's Financial Supervisory Commission (FSC) adopted a series of liberalization measures in 2014, including liberalization of financial firms' overseas investments and expansion of overseas business units. Amendments passed by the Legislative Yuan in June 2015 to investment-related statutes clarified review criteria for mergers and acquisitions. Other regulatory revisions and amendments to existing statutes proposed in 2015 aim to clarify review criteria for foreign investment in Taiwan, but these were not implemented or passed by the legislature.

Table 1

Measure	Year	Index or Ranking	Website Address
TI Corruption Perceptions Index	2015	30 of 167	http://www.transparency.org/research/cpi/cpi_early
World Bank's Doing Business Report "Ease of Doing Business"	2015	11 of 189	http://www.doingbusiness.org/rankings
Global Innovation Index	N/A	N/A	https://www.globalinnovationindex.org/content/page/data-analysis/ <i>Taiwan is not included in the ranking</i>
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD 23,630.6 Million	Taiwan Ministry of Economic Affairs http://www.moeaic.gov.tw/system_external/ctrl?PRO=DownloadFile&t=4&id=807

World Bank GNI per capita	N/A	N/A	<i>Taiwan data are not provided</i>
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Openness to and Restrictions upon Foreign Investment Attitude toward Foreign Direct Investment

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Promoting inward FDI has been an important policy goal for the Taiwan authorities because of Taiwan's self-imposed public debt ceiling that limits public spending and Taiwan's low levels of domestic private investment, which on average grew only 2.8 percent per year over the last five years. Taiwan has pursued various measures to attract FDI from both foreign companies and Taiwan firms operating overseas. A network of science and industrial parks, export processing zones, and free trade zones aims to expand trade and investment opportunities by granting tax incentives, tariff exemptions, low-interest loans, and other favorable terms.

Taiwan maintains a negative list of industries closed to foreign investment for reasons the authorities assert relate to national security and environmental protection, including public utilities, power distribution, natural gas, postal service, telecommunications, mass media, and air and sea transportation. These sectors constitute less than one percent of the production value of Taiwan's manufacturing sector and less than five percent of the services sector. Railway transport, freight transport by small trucks, pesticide manufactures, real estate development, brokerage, leasing, and trading are open to foreign investment. The negative list of industries is available at http://www.moeaic.gov.tw/system_external/ctrl?PRO=LawsLoad&lang=1&id=32.

At the end of 2015, accumulated FDI stock in Taiwan totaled approximately USD 137 billion, according to Taiwan's Ministry of Economic Affairs (MOEA) foreign investment approval data. However, discrepancies exist between Taiwan official data and the 2015 World Investment Report of the United Nations Conference of Trade and Development (UNCTAD), which calculated Taiwan's net FDI stock at a much lower USD 68 billion as of 2014. The Taiwan authorities assert that the difference was due to UNCTAD's deduction of outward remittances of profits by foreign investors, in addition to foreign investors' ability to easily obtain low-cost financing directly from within Taiwan.

Other Investment Policy Reviews

Taiwan has been a member of the World Trade Organization (WTO) since 2002. In September 2014, the WTO conducted the third review of the trade policies and trade practices of Taiwan. Related reports and documents are available at: https://www.wto.org/english/tratop_e/tpr_e/tp402_e.htm

The OECD and UNCTAD have not conducted investment policy reviews of Taiwan.

Laws/Regulations of Foreign Direct Investment

Regulations governing FDI principally derive from the *Statute for Investment by Foreign Nationals* and the *Statue for Investment by Overseas Chinese*. These two laws permit

foreign investors to transact either in foreign currency or the New Taiwan Dollar (NTD). The laws specify that foreign-invested enterprises must receive the same regulatory treatment accorded local firms. Foreign companies may invest in state-owned firms undergoing privatization and are eligible to participate in publicly financed research and development programs.

Amendments the Legislative Yuan passed in June 2015 to investment-related statutes clarified investment review criteria for mergers and acquisition transactions. Other amendments were proposed in 2015 but were not passed, including one that would replace a pre-investment approval requirement with a post-investment reporting system for investments under a USD 1 million threshold. Ex ante approval would still be required for investments in restricted industries and those exceeding the threshold. In 2015, Taiwan authorities ceased consideration of a private equity investment's impact on capital markets and resulting thin capitalization as review criteria. Other criteria remain listed on the Ministry of Economic Affairs (MOEA) Investment Commission's Frequently Asked Questions website (located in Chinese only at http://www.moeaic.gov.tw/system_external/ctrl?PRO=FAQLoad&id=464).

In recent years, the Taiwan authorities revised rules to improve the business climate for startups. With the goal of developing Taiwan into a startup hub in Asia, Taiwan launched an entrepreneur visa program allowing young foreign entrepreneurs to remain in Taiwan if they raise minimum funding of NTD 2 million (USD 66,000). Taiwan has initiated rules to enable intellectual property (IP) rights holders to use IP as collateral in obtaining bank loans, and this and other rules would apply to foreign investors.

Please refer to the "Doing Business" section of the MOEA's Invest in Taiwan Center website, which provides useful information for foreign investors: <http://investtaiwan.nat.gov.tw/eng/show.jsp?LV=1&ID=18&MID=3>

The Investment Commission website lists the rules, regulations, and required forms for seeking foreign investment approval: <http://www.moeaic.gov.tw/>

Business Registration

The MOEA operates a business registration website that describes the process: <https://onestop.nat.gov.tw/oss/web/Show/engWorkFlow.do>

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

The MOEA Department of Investment Services' (DOIS) Invest in Taiwan Center serves as Taiwan's investment promotion agency and provides streamlined procedures for foreign investors. DOIS services are available to all foreign investors.

For the manufacturing, construction, and mining industries, the MOEA defines small and medium-sized enterprises (SMEs) as companies with less than NTD 80 million (USD 2.5 million) of paid-in capital and fewer than 200 employees. For all other industries, SMEs

are defined as having less than NTD 100 million (USD 3.1 million) of paid-in capital and fewer than 100 employees. Taiwan runs a Small and Medium Enterprise Credit Guarantee Fund to help SMEs obtain financing from local banks. Foreign firms may pay a fee to obtain a guarantee from the Fund. Taiwan's National Development Fund has set aside NTD 10 billion (USD 330 million) to invest in SMEs.

Industrial Promotion

MOEA's Invest in Taiwan Center website provides information about government programs to attract foreign investment. The *Statute for Industrial Innovation* provides the legal basis for offering tax credits for companies' research and development (R&D) expenditures. MOEA also runs several research and development subsidy programs. MOEA's current target industries for investment are offshore wind energy, logistics, electric passenger and cargo vehicles, information services, mobile broadband services, digital content, semiconductor equipment, biotechnology, and electronic materials.

Limits on Foreign Control and Right to Private Ownership and Establishment

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

Since 2009, Taiwan has gradually been relaxing restrictions on investments from the People's Republic of China (PRC) in some sectors as cross-Strait relations have improved. Taiwan has opened more than two-thirds of its aggregate industrial categories to PRC investors, with 97 percent of manufacturing sub-sectors and 51 percent of construction and services sub-sectors open to PRC capital. PRC investors, however, continue to be prohibited from serving as a Taiwan company's Chief Executive Officer, although a PRC board member may retain management control rights of a Taiwan company. In June 2013, Taiwan and the PRC signed the cross-Strait Agreement on Trade in Services under the Economic Cooperation Framework Agreement (ECFA), but legislative review of the services agreement has stalled due to public opposition in Taiwan. As of early 2016, regulators were assessing whether to relax rules regarding PRC investment in portions of Taiwan's integrated circuits sector, and separately the Legislative Yuan was reviewing legislation that would create an oversight mechanism for cross-Strait agreements.

Privatization Program

There are currently no privatization program is in progress. Taiwan's most recent privatization, of the Aerospace Industrial Development Corporation (AIDC) in 2014, included institution of a foreign ownership ceiling of 10 percent due to the sensitive nature of the defense sector.

Screening of FDI

The Investment Commission screens applications for FDI, mergers, and acquisitions. Taiwan authorities claim that 95 percent of investments not subject to the negative list and with capital less than NTD 500 million (USD 18 million) obtain approval at the Investment Commission staff-level between two and four days. Investments between NTD 500 million and NTD 1.5 billion (USD 50 million) in capital take three to five days to screen and the approval authority rests with the Investment Commission's Executive Secretary. For investment in restricted industries, in cases where the investment amount or capital increase exceeds NTD 1.5 billion (USD 50 million), or for mergers, acquisitions, and spin-offs, screening takes 10 to 20 days and includes review by relevant supervisory ministries and final approval from the Investment Commission's Executive Secretary. Screening for foreign investments involving cross-border mergers and acquisitions or other special situations takes 20-30 days, as these transactions require interagency review and deliberation at the Investment Commission's monthly meeting.

The screening process has provided Taiwan's regulatory agencies opportunities to attach conditions to investments in order to mitigate concerns about ownership, structure, or other factors. Screening also may include an assessment of the impact of proposed investments on a sector's competitive landscape and protection of the rights of local shareholders and employees. Screening is also used to detect investments with unclear funding sources, including PRC-source capital. To ensure monitoring of PRC-source investment in line with Taiwan law and public sentiment, Taiwan's National Security Bureau has participated in every investment review meeting since April 2014 regardless of the size of the investment.

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

U.S. investors have expressed concerns about a lack of transparency, consistency, and predictability in the investment review process, particularly with regard to transactions involving private equity investment. Current guidelines on foreign investment state that private equity investors seeking to acquire companies in "important industries" must provide, for example, a detailed description of the investor's long term operational commitment and the investment's impact on sector competition. Investors have experienced lengthy review periods for private equity transactions.

Competition Law

Taiwan's Fair Trade Act was enacted in 1992. Taiwan's Fair Trade Commission examines business practices that might impede fair competition.

Conversion and Transfer Policies

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Foreign Exchange

There are few restrictions in place in Taiwan on converting or transferring direct investment funds. Foreign investors with approved investments can readily obtain foreign exchange from designated banks. The remittance of capital invested in Taiwan must be reported in advance to the Investment Commission, but the Commission's approval is not required. Declared earnings, capital gains, dividends, royalties, management fees, and other returns on investment may be repatriated at any time.

For large transactions requiring the exchange of NTD into foreign currency that could potentially disrupt Taiwan's foreign exchange market, the Taiwan Central Bank may require the transaction to be scheduled over several days. There is no written guideline on the size of such transactions, but according to law firms servicing foreign investors amounts in excess of USD 100 million may be affected. Capital movements arising from trade in merchandise and services, as well as from debt servicing, are not restricted. No prior approval is required for movement of foreign currency funds not involving conversion between NTD and foreign currency. The exchange rate is based on the market rate offered by each bank. The NTD fluctuates under a managed float system.

Remittance Policies

There are no restrictions on remittances deriving from approved direct investment and portfolio investment. No prior approval is required if the cumulative amount of inward or outward remittances does not exceed the annual limit of USD 5 million for an individual or USD 50 million for a corporate entity. There is no legal parallel currency market in Taiwan.

Taiwan is not a member of Financial Action Task Force (FATF) but is a member of the Asia-Pacific Group on Money Laundering, a FATF-style regional body. In January 2016, a new draft *Terrorist Financing Prevention Act* was forwarded to the Legislative Yuan for review.

Expropriation and Compensation

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

when the authorities expropriate constitutionally-protected private property for public use.

Dispute Settlement

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Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

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

Taiwan's court system is generally viewed as independent and free from overt interference by other branches of government. The U.S. Department of State's 2015 Human Rights Report stated that although Taiwan authorities made efforts to eliminate corruption and diminish political influence in the judiciary, some residual problems remained. Judicial reform advocates pressed for greater public accountability, reforms of the personnel system, and other procedural reforms. Some political commentators and academics publicly questioned the impartiality of judges and prosecutors involved in high-profile and politically sensitive cases.

Taiwan established its Intellectual Property Court in July 2008, in response to the need for a more centralized and professional litigation system for disputes relating to intellectual property rights. There are also specialized divisions in the District Courts and High Courts to deal with labor disputes. Foreign courts' judgments are final and binding, and enforced on a reciprocal basis.

Bankruptcy

Taiwan has a bankruptcy law that guarantees creditors the right to share the assets of a bankrupt debtor on a proportional basis. Secured interests in property are recognized and enforced through a registration system. Bankruptcy is not criminalized in Taiwan. Corporate bankruptcy was generally governed by the *Company Act* and the *Bankruptcy Act*. In 2014, there were 132 rulings on bankruptcy petitions.

Investment Disputes

Foreign investment disputes with the Taiwan authorities are rare. Taiwan resolves disputes according to its domestic laws and based on national treatment or investment guarantee agreements.

International Arbitration

Taiwan is not a signatory of any international investment treaties, but it has entered into bilateral investment treaties with countries including Singapore, Thailand, Malaysia, and

India. Taiwan does not have an investment treaty with the United States. Taiwan's bilateral investment treaties serve to promote and protect foreign investments.

A court order on recognition and enforcement must be obtained before a foreign arbitral award can be enforced in Taiwan. Any foreign arbitral award may be enforceable in Taiwan, provided that it meets the requirements of Taiwan's *Arbitration Act*. In November 2015, the Legislative Yuan amended the *Arbitration Act* to stipulate that a foreign arbitral award, after an application for recognition has been granted by a court, shall be binding on the parties and have the same force as a final judgment of a court, and is enforceable. Taiwan referred to the UNCITRAL model law when the *Arbitration Act* was revised in 1998.

Parties to a dispute may pursue mediation by a court, a mediation committee of a town or city, and/or the Public Procurement Commission. Mediation is generally non-binding unless parties agree otherwise. Civil mediation approved by a court has the same power as a binding ruling under civil litigation.

Arbitration associations in Taiwan include the Chinese Arbitration Association, Taiwan Construction Arbitration Association, Labor Dispute Arbitration Association, and the Chinese Construction Industry Arbitration Association in Taiwan.

ICSID Convention and New York Convention

In part due to its unique political status, Taiwan is not a member of the International Centre for the Settlement of Investment Disputes (ICSID Conventions), and is not a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Duration of Dispute Resolution – Local Courts

There is no time limit for court rulings on disputes.

Performance Requirements and Investment Incentives

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WTO/TRIMS

Taiwan has not notified the WTO of any measures that are inconsistent with the Trade Related Investment Measures (TRIMs) obligations. 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.

Investment Incentives

Taiwan has instituted investment incentives as stipulated in the *Statute for Industrial Innovation* and the *Act for the Establishment and Management of Free Trade Zones*. Domestic and foreign investors can receive tax incentives for investing in free trade zones, in public construction, and in biotechnology/pharmaceuticals. Investment support from the central authorities may be available for priority projects. Industrial zones, export processing zones, science parks, and local governments offer various types of subsidies, financing, and tax deductions. For a detailed list of investment

incentives programs, please refer to the Invest-in-Taiwan website at:
<http://investtaiwan.nat.gov.tw/eng/show.jsp?ID=10&MID=3>

Research and Development

Investors may receive low-interest loans or subsidies for participating in industrial R&D and industry revitalization programs. Research and development tax credits, equivalent to 15 percent of total R&D expenditures, are available only to companies who file corporate income taxes in Taiwan. Government procurement tenders are open to the public, including foreign firms. Under the *Government Procurement Act*, government procurement includes construction work, purchase or lease of property, and retention or employment of services.

Performance Requirements

Taiwan does not mandate any performance requirements.

Data Storage

Taiwan does not have forced localization policies related to data storage.

Protection of Property Rights

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Real Property

Interests in property are enforced in Taiwan. Taiwan maintains a reliable recording system for mortgages and liens. Taiwan law protects the land use rights of indigenous peoples. Taiwan's *Land Act* stipulated that forests, fisheries, hunting grounds, salt fields, mineral deposits, sources of water, and lands lying within fortified and military areas and those adjacent to the national frontiers may not be transferred or leased to foreigners. As in other investment categories, Taiwan has specific regulations governing property acquisition by PRC investors.

Intellectual Property Rights

Taiwan is not a member of the World Intellectual Property Organization (WIPO) but adheres to key international agreements such as the Berne Convention and the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS). Reflecting progress in Taiwan's IPR legal regime and enforcement, the Office of the U.S. Trade Representative (USTR) removed Taiwan from the Special 301 Watch List in 2009. The United States continues to monitor a number of IPR issues in Taiwan, including online piracy of copyrighted materials, illegal textbook copying on university campuses, end-user piracy of software, satellite signal theft, corporate trade secret theft, and weak pharmaceutical patent protections. The importation and transshipment of counterfeit products, mainly from mainland China, is also a problem. The United States is actively working with the Taiwan authorities to address these issues.

Taiwan authorities have announced their intent to revise IP-related laws to meet criteria stipulated in the Trans-Pacific Partnership text, such as extending copyright protection from life plus 50 years to life plus 70 years, adopting a patent linkage system, extending market protection on biologics, and imposing criminal liability on persons importing

counterfeit products. Amendments to the *Pharmaceutical Affairs Act* in 2015 increased penalties for the production, distribution, and sale of counterfeit medicines. The law authorizes pharmaceutical regulatory data protection for five years, the same period as in the United States, for chemical compound drugs. Amendments extending regulatory data protection to new indications were submitted to the Executive Yuan in December 2015 and are currently pending submission to the legislature.

Taiwan's Intellectual Property Police reported that the value of trademark and copyright seizures in 2015 totaled NTD 14.4 billion (USD 432 million). Taiwan Customs reported that the number of cases involving seizures of imported counterfeit branded goods increased by 34 percent from 149 cases in 2014 to 199 cases in 2015. Customs officials attribute the rise in seizures to increased detection of small parcel air freight shipments of counterfeit goods purchased from mainland Chinese e-commerce sites.

A trademark or patent applicant must file an application with Taiwan's Intellectual Property Office (TIPO). TIPO normally renders a decision within six months after it receives all supporting documents. If the application is approved, the mark/patent will be published and registered after the applicant pays registration fees within two months upon receiving the approval notice. Taiwan's patent application review period was expected to shorten from an average of 41 months in 2013 to less than 22 months in 2016, following the implementation of Patent Prosecution Highway (PPH) agreements with the United States, Japan, Spain, and the Republic of Korea in 2011, 2012, 2013, and 2015 respectively.

Taiwan has no patent linkage system, and there have been several cases of approvals and reimbursements for generic drugs despite of the existence of valid patents. As of April 2016, Taiwan was conducting final public hearings on *Pharmaceutical Affairs Act* amendments that would establish a patent linkage system, prior to their submission for Executive Yuan and legislative approval.

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

Resources for Rights Holders

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-Economic Officer

--+886-2-2162-2000

-kvolsdk@state.gov

-List of attorneys <http://photos.state.gov/libraries/ait-taiwan/171414/acs/listofattorneys.pdf>

-American Chamber of Commerce in Taipei (<http://amcham.com.tw/>)

Taiwan has transparent policies and effective laws that foster competition and establish clear rules. Accounting, legal, and regulatory procedures are mostly transparent and consistent with international standards. All publicly listed companies were required to prepare financial reports using International Financial Reporting Standards (IFRS) as of 2013. Unlisted public companies, credit cooperatives, credit card companies, and insurance intermediaries were required to prepare financial reports using IFRS starting in 2015.

In November 2015, the Executive Yuan extended the public comment period for the amendment, promulgation, and abolishment of legislation from seven days to no less than 14 days, a step toward greater regulatory transparency. To help foreign investors obtain updated information regarding regulatory changes, the Executive Yuan Gazette in September 2015 launched an online platform and email subscription service to release draft bills and regulations for public comment. In February 2016, the Gazette dedicated a section to providing information concerning technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS), which require a public comment period of at least 60 days under WTO rules. Taiwan's National Development Council (NDC) operates the Regulatory Reform Platform (<http://law.ndc.gov.tw>) with the goal of enhancing policy communication with the general public. Through the platform, the public can submit comments on specific legislation, offer policy suggestions, and obtain information on newly promulgated or amended regulations.

Efficient Capital Markets and Portfolio Investment

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Taiwan authorities welcome foreign portfolio investment in the Taiwan Stock Exchange (TWSE), with foreign investment now accounting for 37 percent of TWSE capitalization. In recent years, in addition to the offshore banking units that have been in operation since 1983, Taiwan launched offshore securities and offshore insurance units, aiming to attract a broader investor base. The Financial Supervisory Commission (FSC) has switched to a negative list approach toward local banks' overseas business not involving the conversion of the NTD.

Taiwan's capital market is mature and active. As of the end of 2015, there were 874 companies listed on the TWSE, with total market trading volume of USD 703 billion (including transactions of stocks, Taiwan Depository Receipts, exchange traded funds, and warrants). Foreign portfolio investors are not subject to a foreign ownership ceiling except in certain restricted companies, and are not subject to any ceiling on portfolio investment. Payments and transfers resulting from international trade activities are fully liberalized in Taiwan. A wide range of credit instruments, all allocated on market terms, are available to both domestic- and foreign-invested firms.

Money and Banking System, Hostile Takeovers

Taiwan's banking sector is healthy and banks are tightly regulated. The sector's non-performing loan (NPL) ratio has remained below one percent since 2010, with a sector average of 0.23 in December 2015. Capital-adequacy ratios (CAR) are generally high, and several of Taiwan's leading commercial lenders are government-controlled, enjoying implicit state guarantees. The sector as a whole had a CAR of 12.67 percent as of September 2015, far above the Basel III regulatory minimum of 10.5 percent required by 2019. Taiwan banks' liquidity coverage ratio, which was required by Basel III to reach 100 percent by 2019, already averages about 119 percent. Taiwan's banking system is

mostly deposit-funded and has little exposure to global financial wholesale markets. Regulators have encouraged local banks to expand to overseas markets, especially to Southeast Asia, and to minimize exposure to mainland China. Taiwan Central Bank statistics show that Taiwan banks' exposure to mainland China on an ultimate risk basis declined for five consecutive quarters to USD 65 billion in 2015, after peaking at USD 94 billion in the third quarter of 2014. Taiwan's largest banks in term of assets are the state-owned Bank of Taiwan, which has USD 157 billion in assets, followed by the state-controlled Mega Bank, with USD 100 billion in assets.

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

To promote the asset management business in Taiwan, starting May 2015 foreigners holding a valid visa entering Taiwan have been allowed to open an NTD account with local banks, replacing the previous dual-identification (passport and resident card) requirements.

Mergers and acquisitions are governed by a variety of laws and regulations (see Section 1). Hostile takeovers are rare in Taiwan.

Competition from State Owned Enterprises

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Taiwan launched privatization programs in 1989 transforming many state-owned enterprises (SOEs) into private industries. In March 2016, the Executive Yuan instructed the NDC to compile a consolidated list of all SOEs in Taiwan managed by different ministries, but the list had not been published as of April 2016. As of December 2015, the authorities owned 19 SOEs, including official agencies such as the Taiwan Central Bank. Some existing SOEs are large in scale and exert significant influence in their industries, especially monopolies such as Taiwan Power Co. (Taipower) and Taiwan Water Co. MOEA plans to amend the *Electricity Industry Act* to liberalize the power generation and distribution businesses. Other SOEs such as the CPC Corporation (petroleum) and Taiwan Tobacco and Liquor Co. remained industry giants after their sectors were opened to competition. CPC controls over 70 percent of Taiwan's gasoline retail market. In August 2014, the Aerospace Industrial Development Corp. (AIDC) was successfully privatized through a public listing in the TWSE. MOEA holds a 45.7 percent stake in AIDC and intends to lower its stake to 34 percent by 2017.

The Taiwan authorities retain control over some SOEs that were privatized, including through managing appointments to boards of directors. These enterprises include Chungwa Telecom, China Steel, Taiwan Fertilizer Co., Taiwan Salt, China Shipbuilding Co., Yang Ming Marine Transportation Co., as well as eight public banks. Taking the banking sector as an example, as of 2015, Taiwan's four largest banks were either wholly owned or controlled by the authorities and accounted for 30 percent of Taiwan domestic banks' total assets.

In 2014, the 19 SOEs contributed NTD 210 billion (USD 7 billion) to Taiwan's treasury, with the Taiwan Central Bank contributing NTD 180 billion (USD 6 billion) of that total. The number of employees working in SOEs was 118,000 in 2014 after several years of

gradual decline. R&D spending among SOEs in 2014 totaled NTD 5.7 billion (USD 190 million), concentrated in oil field exploration, drilling technology, and development of alternative energy.

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

OECD Guidelines on Corporate Governance of SOEs

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

Sovereign Wealth Funds

Taiwan does not have a sovereign wealth fund. Members of the incoming administration that will take office in May 2016 have publicly stated they may consider setting up a quasi-sovereign wealth fund to promote economic development.

Responsible Business Conduct

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

Companies with more than NTD 10 billion (USD 330 million) in capital and firms with direct impact on consumers such as food processing, restaurants, chemicals, and financial services were mandated to prepare annual social responsibility reports as of 2015. According to the TWSE, 77 percent of Taiwan's top 100 companies have published social responsibility reports, and 30 percent (or 255) of all total listed

companies have issued reports. In August 2014, the TWSE launched the Taiwan Top Salary 100 Index, a government effort to promote corporate social responsibility and expand the use of profit-sharing for the benefit of employees.

In response to a series of food safety and environmental protection scandals in recent years, the authorities have imposed stricter monetary penalties on violators and launched a registration platform for food industry suppliers to track food ingredients used in the industry's production chain. Taiwan authorities encourage Taiwan firms to adhere to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Afflicted and High-Risk Areas. Taiwan does not participate in the Extractive Industries Transparency Initiative.

Political Violence

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Taiwan is a relatively young and vibrant multi-party democracy. The January 2016 presidential and legislative elections were peaceful and orderly, as was the transition of power between administrations. There are no recent examples of politically motivated damage to foreign investment.

Corruption

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Taiwan has implemented laws, regulations, and penalties to combat corruption, including in public procurement. The *Corruption Punishment Statute and Criminal Code* contain specific penalties for corrupt activities, including maximum jail sentences of life in prison and a maximum fine of up to NTD 100 million (USD 3.3 million). Laws provide for increased penalties for public officials who fail to explain the origins of suspicious assets or property. The U.S. government is not aware of cases where bribes have been solicited for foreign investment approval.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Taiwan is not a party to the OECD Convention on Combatting Bribery.

Resources to Report Corruption

- Agency Against Corruption (AAC), Ministry of Justice
- Overall Planning Division
- No. 318, 2nd floor, Song-jiang Road, Taipei
- aac2043@mail.moj.gov.tw

Transparency International Chinese Taipei
<http://www.tict.org.tw/front/bin/home.phtml>

Bilateral Investment Agreements

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Bilateral Taxation Treaties

Taiwan does not have a bilateral taxation treaty with the United States. Taiwan has 29 bilateral tax agreements entered into force (available at <http://investtaiwan.nat.gov.tw/cht/show.jsp?ID=58>) and has concluded similar agreements with Japan and Canada that are pending approval by those governments.

Taiwan has concluded economic cooperation (free trade) agreements with El Salvador, Guatemala, Honduras, Nicaragua, Panama, Singapore, and New Zealand, and has concluded 29 bilateral investment or related agreements (available at http://www.dois.moea.gov.tw/asp/relation1_1_3.asp).

Under the Taiwan Relations Act, the terms of the 1948 Friendship, Commerce, and Navigation Treaty between the Republic of China and the United States remain in force. U.S. investors are guaranteed national treatment and are provided a number of protections, including protection against expropriation. Representatives of the United States and Taiwan signed a Trade and Investment Framework Agreement (TIFA) in 1994 to serve as the basis for consultation on trade and investment issues. TIFA discussions were suspended in 2007 in response to Taiwan policies affecting U.S. beef imports, but resumed in 2013.

OPIC and Other Investment Insurance Programs

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Taiwan and the United States have an Overseas Private Investment Corporation (OPIC) agreement. The agreement, signed in 1952, is called the Agreement Dealing with Guaranty of American Investment of Private Capital in Taiwan. There are no active OPIC projects in Taiwan.

Labor

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Taiwan's unemployment rate declined to 3.78 percent in 2015 from 3.96 percent in the previous year. The unemployment rate for people aged between 15 and 24 years was 15.4 percent in 2015. Taiwan's labor force is decreasing as the society ages, with residents over 65 years of age expected to account for 20 percent of the total population by 2025. In the industrial sector, the number of blue-collar foreign workers increased from 331,585 in 2014 to 363,584 in 2015. Industry groups claim that a lack of blue-collar workers is one of the major issues facing manufacturers operating in Taiwan and have urged the authorities to increase the ceiling on foreign workers. Skilled white-collar labor, especially in the information technology sector, remains a strength of Taiwan's talent pool. However, Taiwan's low wage growth compared with neighboring economies poses a challenge for talent recruitment and retention. The authorities sponsor training and certificate programs for college graduates to increase the talent pool for the manufacturing industry.

Private companies are not subject to rules requiring the hiring of nationals. Local workers have expressed concern about displacement by lower-cost foreign workers. Employers may institute unpaid leave with employees' consent but must notify the labor authorities and continue to make health insurance, labor insurance, and pension contributions. Taiwan provides unemployment relief based on the *Employment Insurance Law*, vocational training allowances for jobless persons, and employment subsidies to encourage hiring.

Labor flexibility is the main reason Taiwan firms hire temporary workers. Financial and logistics industries hire temporary workers for entry-level administrative positions such as customer services representatives, administrative clerks, security guards, and janitors. SOEs also hire contract workers. Companies in specific hardship (labor-intensive) industries are entitled to a higher foreign labor quota. The authorities are considering relaxing rules for the hiring of foreign white-collar professionals in designated foreign trade zones.

Labor unions have become more active in Taiwan over the past decade, and the *Collective Agreement Act* outlines the negotiation mechanism for collective bargaining in order to protect labor's interests in the negotiations. If a proposal is refused, a union may submit an application for arbitration to the Committee for Dispute Resolution for Unfair Labor Practices under the Ministry of Labor Affairs (MOL). Taiwan has labor dispute resolution mechanisms in operation at all levels of labor, and the authorities accept about 20,000 cases per year. Starting in 2011, an arbitration mechanism was introduced to preempt disputes through a professional and neutral mediation system, which resolves about 60 percent of all cases.

Labor relations in Taiwan are generally harmonious. Although Taiwan is not a member of the International Labor Organization (ILO), it adheres to ILO conventions on the protection of workers' rights. Taiwan law, including related regulations and statutory instruments, protects the right to join independent unions, conduct legal strikes, and bargain collectively. Taiwan's labor authorities have sought to increase the frequency and coverage of labor inspections. MOL has proposed a law that would allow temporary workers to receive the same pay as full-time employees in equal positions.

Link to the U.S. Department of State Human Rights Report on Taiwan:
<http://www.state.gov/documents/organization/253013.pdf>

Foreign-Trade Zones/Free Ports/Trade Facilitation

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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 and August 2013, the Executive Yuan approved free trade zones at Suao and Anping ports, respectively, bringing total free trade zones in Taiwan to seven. Taiwan authorities have relaxed restrictions on the movement of merchandise, capital, and personnel into and out of these zones. As part of a broader restructuring and to increase the competitiveness of Taiwan's ports, the Ministry of Transportation and Communication established the Taiwan International Ports Corp. (TIPC) in 2012 to manage commercial activities of Taiwan's ports and free trade zones. TIPC facilitates cooperation with foreign shipping operations and related businesses.

Taiwan seeks to promote the unique advantages its ports offer as hubs for the Asian regional market. In June 2013, the London Metal Exchange (LME) board approved Kaohsiung Port as an LME delivery port of primary aluminum, aluminum alloy, copper, lead, nickel, tin, and zinc.

Foreign Direct Investment and Foreign Portfolio Investment Statistics [Return to top](#)

Table 1: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Host Country Statistical source*	USG or international statistical source	USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
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Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015	\$523,567	2015	\$518,816	https://fred.stlouisfed.org/series/TWNGDPDUSD
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2015	\$23,631	2014	\$17,073	BEA
Host country's FDI in the United States (\$M USD, stock positions)	2015	\$14,209	2014	\$5,676	BEA
Total inbound stock of FDI as % host GDP	2015	26.2%	2014	13.0%	UNCTAD

* Local GDP data source: Directorate General of Budget, Accounting, and Statistics (DGBAS).

* Local FDI data source: Ministry of Economic Affairs (MOEA). Taiwan FDI data reflect approved investments and do not take into account disinvestment.

Contact for More Information

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Chapter 6: Trade and Project Financing

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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.

Banking System

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As of January 2016, Taiwan has a Central Bank, 40 domestic banks (with 3,444 branch offices), and 30 foreign banks (with 38 branch offices). In addition, there are 23 credit cooperatives, 282 farmers' credit unions, and 28 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. Any remittance above these amounts for firms and individuals requires approval. Any single transaction of less than US\$100,000 by a non-resident may proceed directly through authorized banks, however, there is a reporting requirement for each foreign transaction involving NT dollars that exceeds TWD 500,000. Once a foreign investor is registered on the Taiwan Stock Exchange Corporation, that investor is free to choose any authorized foreign exchange bank to conduct foreign exchange transactions.

U.S. Banks and Local Correspondent Banks

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U.S. Commercial Banks Operating in Taiwan

Bank of America
43 and 48F, No. 7 Xin Yi Rd.,
Sec. 5 Taipei City 11049, Taiwan
Tel: 886-2-8101-1288
<http://www.bankofamerica.com>

Citibank N.A.
15F, No. 1, Song Zhi Road
Taipei City 11047, Taiwan
Tel: 886-2-8726-9821
<http://www.citibank.com.tw>

JPMorgan Chase Bank, N.A.
8F, No. 108 XinYi Rd., Sec. 5
Taipei City 11047, Taiwan
Tel: 886-2-2725-9800
<http://www.jpmorganchase.com>

The Bank of New York Mellon
4F, No. 245 Dun Hwa S. Rd.,
Sec. 1 Taipei City 10689, Taiwan
Tel: 886-2-2771-6612
<http://www.bankofny.com>

Major Local Correspondent Banks

Bank of Taiwan
No. 120, Sec. 1, Chongqing S. Rd.,
Xhongzheng Dist., Taipei 10007, Taiwan
Tel: 886-2-2349-3456
<http://www.bot.com.tw/Pages/default.aspx>

Cathay United Bank
1F, No. 7, Songren Rd., Xinyi Dist.,
Taipei City 11073, Taiwan
Tel: 886-2-8722-6666
<http://www.cathaybk.com.tw/cathabk/>

Chang Hwa Commercial Bank
No. 57, Sec. 2, Zhongshan N. Rd.,
Zhongshan Dist., Taipei City 10412, Taiwan
Tel: 886-2-2536-2951
<http://www.chb.com.tw>

China Trust Commercial Bank
No. 166, 168, 170, Jingmao 2nd Rd.,
Nangang Dist., Taipei City 115, Taiwan
Tel: 886-2-3327-7777
<http://www.chinatrust.com.tw>

First Commercial Bank
No. 30, Sec. 1, Chongqing S. Rd.,
Zhongzheng Dist., Taipei City 10005, Taiwan
Tel: 886-2-2348-1111
<http://www.firstbank.com.tw>

Hua Nan Commercial Bank, Ltd.
No. 38, Sec. 1, Chongqing S. Rd.,
Zhongzheng Dist., Taipei City 10005, Taiwan
Tel: 886-2-2371-3111
<http://www.hncb.com.tw>

Land Bank of Taiwan
No. 46, Guanqian Rd.,
Zhongzheng Dist., Taipei City 10047, Taiwan
Tel: 886-2-2348-3456
<http://www.landbank.com.tw>

Mega Int'l Commercial Bank Co., Ltd.
No. 100, Jilin Rd., Zhongshan Dist.,
Taipei City 10424, Taiwan
Tel: 886-2-2563-3156
<http://www.megabank.com.tw>

The Shanghai Commercial & Savings Bank
No. 3, Sec. 1, Minquan E. Rd.,
Zhongshan Dist., Taipei City 104, Taiwan
Tel: 886-2-2581-7111
<http://www.scsb.com.tw>

Taishin International Bank
No. 44, Sec. 2, Zhongshan N. Rd.,
Zhongshan Dist., Taipei City 10448, Taiwan
Tel: 886-2-2568-3988
<https://www.taishinbank.com.tw/TS/TS02/TS0298/TS0298-SEC>

Taiwan Cooperative Bank
No. 77, Guanqian Rd.,
Zhongzheng Dist., Taipei City 10047, Taiwan
Tel: 886-2-2311-8811
<http://www.tcb-bank.com.tw>

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.

Financing Web Resources

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Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team:
<https://new.export.gov/trade-finance-guide>

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

Country Limitation Schedule: <http://www.exim.gov/tools-for-exporters/country-limitation-schedule>

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

Trade and Development Agency: <https://www.ustda.gov/>

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

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/about-fsa/structure-and-organization/commodity-credit-corporation/index>

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.

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 (1) a passport that will remain valid for the period of intended stay and (2) a confirmed return or onward air ticket. U.S. passport holders are allowed to enter Taiwan without a visa for up to 90 days as long as their passport remains valid during this time period. No extensions or changes of status are permitted, and Taiwan authorities can deny entry to those without appropriate travel documents for their onward destination. If you plan to stay longer than 90 days, you should apply for and receive a Taiwan visa prior to arrival in Taiwan. The current processing fee for a Taiwan tourist/business visa is \$160 USD. U.S. investors and their immediate family members may qualify for a residency visa or a five-year, multiple-entry visitor visa with 60-day duration of stay. Visit the Taipei Economic and Cultural Representative Office (TECRO)'s website http://web.roc-taiwan.org/us_en/index.html for the most current non-resident visa information:

Taipei Economic and Cultural Representative Office (TECRO)
4201 Wisconsin Avenue NW
Washington, DC 20016-2137
Telephone: (202) 895-1800 (Main Number)
Facsimile: (202) 363-0999 (Main Number)
Telephone: (202) 895-1814 (Consular Division)
Facsimile: (202) 895-0017 (Consular Division)
Email: usa@mofa.gov.tw or consular@tecro.us
For Emergencies: (202) 669-0180

TECO (Taipei Economic and Cultural Office) also has offices in Atlanta, Boston, Chicago, Denver, Guam, Honolulu, Houston, Los Angeles, Miami, New York, San Francisco, and Seattle.

RESIDENTS --- Resident Visas are generally issued to applicants with valid work permits or those married to Taiwan nationals. When applying for a resident visa, applicants must submit supporting documents or official letters of approval from a competent authority in Taiwan, together with completed application forms. Normally, foreign nationals submit applications through their domestic Taiwan agents, representatives, or affiliates of their firms. A resident visa does NOT automatically convey permission to work in Taiwan. To legally work in Taiwan, a foreigner must

generally possess both a work permit and a resident visa. Taiwan residence visas are managed by the local Bureau of Consular affairs and work permits are issued by the Workforce Development Agency under the Ministry of Labor.

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

For additional information about renewing a U.S. passport or other services for U.S. citizens in Taiwan, please visit American Citizen Services <http://acs.ait.org.tw/index.html>

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

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

Applicants for U.S. visas should go to the following links.

State Department Visa Website: <https://travel.state.gov/content/visas/en.html>

U.S. Visas <http://www.ustraveldocs.com/tw>

Currency

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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.

Telecommunications/Electric

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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.

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.

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 Taiwan 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 2016
New Year's Day	January 1-3
Chinese Lunar New Year	February 6-14
Peace Memorial Day	February 27-29
Children's Day and Tomb-Sweeping Day	April 2-5
Dragon Boat Festival	June 9-12
Mid-Autumn (Moon) Festival	September 15-18
Double Tenth/National Day	October 8-10

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>

Travel Related Web Resource

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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

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Chapter 8: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- Computer Services & Software
- Education
- Electric Power Equipment & Energy
- Electronic Components
- Semiconductor Manufacturing Equipment
- Franchising
- Household Consumer Goods
- Medical Devices
- Pleasure Boats
- Pollution Control Equipment
- Telecommunications Equipment
- Travel & Tourism

Agricultural Sectors

- Beef
- Cheese
- Fish & Seafood Products
- Fresh Fruit
- Pet Food
- Pork & Pork Variety Meats
- Poultry Meats
- Processed Foods/Ingredients
- Softwood & Treated Lumber
- Tree Nuts
- Wine & Spirits

Computer Services & Software (CSV/CSF)

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Overview

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Taiwan's computer services and software market relies heavily on imports. U.S. computer service providers and software vendors have a strong reputation for providing integrated solution capabilities and high-performance products with advanced features that are in high demand. An increasing numbers of U.S. computer service providers are partnering with local IT service providers to better manage market entry and customization issues. Marketplace success depends largely on product localization into 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
- Cyber security software
- 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)
- Virtual Reality (VR)

Opportunities

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U.S. software producers have the advanced capability and experience in large-scale and mission-critical software solutions used for high-tech manufacturing and finance. These applications also include data storage requirements and custom-designed business intelligence features. 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 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 significant 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 mainland China market.

The future is promising for the Internet of Things (IoT) and wearable devices, both contributing to the prosperous development of embedded software market. Taiwan's Ministry of Economic Affairs (MOEA) has devoted more than US\$254 Million funding in the following eight IoT categories: Smart Home, Smart Traffic, Smart City, Smart Energy, Smart Green Building, Smart Market Place, Smart Tourism, and Smart Medical. In addition to helping local companies to develop patents and local standards in compliance with worldwide standards, MOEA also seeks solutions from other countries such as U.S. to bring in the big international service operators, as well as the localized solutions. Technology's next big wave – Virtual Reality (VR) is officially on the market in 2016. The business opportunities of VR include VR devices, VR Multivariate vertical application and building software platform and hardware devices. Also, the mobile application software, such as APP, will have steady and speedy growth, due to the integrated development of application concepts of Social, Location based, Mobile (SoLoMo).

Attending trade shows is one of the most effective ways to create international sales opportunities. In 2016, the following computer hardware and software related products and services trade shows will be in Taipei, Taiwan:

- Smart City Summit & Expo: March 22-25, 2016
http://smartcity.org.tw/info_en.php
- COMPUTEX Taipei, May 31 - June 4, 2016 <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.tw-ita.org/about/institutes/618>

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 or visit the website <http://2016.export.gov/taiwan/>

Unit: USD thousands

	2014	2015	2016 (estimated)	2017 (estimated)
Total Market Size	\$6,171,570	\$5,921,800	\$5,955,450	\$6,110,510
Total Local Production	5,189,600	5,072,700	5,088,500	5,220,990
Total Exports	1,118,030	1,092,900	1,048,900	1,076,210
Total Imports	2,100,000	1,942,000	1,915,850	1,965,730
Imports from the U.S.	1,678,190	1,640,400	1,660,600	1,703,840
Exchange Rate: 1 USD	31.72	33.10	34.0(e)	33.8(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

According to IIE Open Doors data, in 2015, Taiwan was the 7th leading origin of foreign students studying in the U.S., with 20,993 students enrolled in U.S. institutions. The U.S. remains the top destination for Taiwan students that pursue studies abroad, with 45.8% of the students studying at the graduate level, 28.9% at the undergraduate level, 17.2% at Optional Practical Training (OPT), and 8.1% in other programs.

Taiwan's education landscape is currently undergoing a major overhaul to maintain its global competitiveness and to alleviate the social and educational problems that have arisen from high unemployment rate among college graduates and the low birthrate. In January 2016, the Taiwan's Ministry of Education (MOE) formed a Higher Education Innovation and Transformation Task Force to take a more aggressive position to strengthen students' international competitiveness and connections with the job market. Two of the main objectives of the new initiative are 1) reducing the gap between industries and academics to nurture talent for industries and to support the transformation of industries. 2) enhancing students' global mobility and nurture world-class talent which involves fostering collaboration between domestic and foreign universities, encouraging the establishment of experimental branch campuses, independent colleges, or certificate programs/courses. So far, the MOE has approved 9 in-country joint programs between Taiwan and foreign universities, including four from the U.S. MOE hopes to introduce international curricula, faculty, and other high-quality educational resources through collaboration, learning, and observation, thus enhancing the quality of teaching and learning. Higher quality of teaching and research goes in tandem with higher education export value, which will recruit students from neighboring countries to pursue their studies in Taiwan.

In the 2015 Organization for Economic Cooperation and Development (OECD) educational ranking, Taiwan was placed 4th and Taiwan parents are one of the largest investors of children education in Asia. In fact, a recent unofficial survey conducted by an international firm on the proportion of a family income spent on children's education puts Taiwan at the top of the ranking in the greater China area, with around 17% of household income. Spending includes English lessons, test preparations, extracurricular activities or service fees paid to student recruitment agents. In addition, 32% of the parents surveyed have plans to send their children abroad to study for more international exposure and to gain competitiveness in the global market.

Based on CS Taiwan's observations of the changes in the Taiwan market in recent years, it is worth mentioning that with the low birth rate and families having fewer kids, more and more Taiwan students are going to the U.S. at a younger age. With limited admission slots at the top local universities and complications created by recent changes in the local high-school and college entrance requirements, some parents find it challenging to prepare their kids and would prefer to send them abroad at a younger age to give them a wider range of options in the future. This can be seen by the growing popularity of youth summer camps in the U.S., as well as the increase in the number of bilingual international schools that are set up in Taiwan to prepare local students to study in foreign universities. In addition, CS Taiwan has been supporting the

Association of Boarding Schools (TABS) Fair for the past decade and we have seen demonstrable growth in the number of U.S. exhibitors as well as families attending the fair for the past few years. In addition, based on the IIE Open door's report for the past five years, the percentage of Taiwan students studying in the U.S. at the undergraduate level has risen significantly, from 24.8% in 2010 to 28.9%, since many of these students will remain in the U.S. for graduate-level studies, the economic contribution of Taiwan students will last longer and their affiliation with the U.S. will be even deeper, an encouraging positive trend. All this points in the direction of growth in the high school and undergraduate market segments. So it is recommended that U.S. schools design programs that will attract students of that age group.

Taiwan has more than 55,000 students going abroad each year for degree, exchange, language and working holiday programs. Traditionally, the major foreign recruiters are from English-speaking countries such as the UK, Australia, Canada and New Zealand. In recent years, Asian neighboring countries such as Hong Kong, China and Singapore are also becoming 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 savvier and selecting programs that offer the best value for the time and money spent.

Taiwan is a stable and mature market for U.S. institutions. Domestic supply of higher education institutions has also reached a saturation point. Employability is one of the main factors students take into consideration when choosing a school, so career development or internship programs are becoming increasingly popular, therefore, it is advisable for U.S. schools to emphasize affordability and post-graduation job placement to attract Taiwan students. In order to maintain the leading position, U.S. schools should pursue deeper 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 fairs and social media are all recommended strategies.

Sub-Sector Best Prospects

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

Opportunities

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Partnership with local schools is a long-term strategy for U.S. schools when recruiting Taiwan students for joint-degree programs or short-term summer programs. In addition, many Taiwan universities have established Mandarin centers to educate foreign students. U.S. schools should consider increasing cultural and language exchanges with Taiwan schools. 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 year-round exposure in the Taiwan market. Recruiting agents are one of the main resources used by Taiwanese students and parents when planning for studying abroad. CS Taiwan can help U.S. schools pre-screen prospective agents and arrange one-on-one meetings in Taipei, Taichung and Kaohsiung.

Participation in education fairs may also be a very effective tool. Fair organizers have a deep knowledge of the market and can greatly reduce U.S. schools' marketing expenses. Local fair organizers also counsel students throughout the year and are able to follow up with students visiting the fair. Taiwan's major education fairs featuring U.S. schools include:

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

Web Resources

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Taiwan Ministry of Education Website: <http://english.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 at the trade shows mentioned above are encouraged to contact CS Taiwan Commercial Specialist Grace Tao at Grace.Tao@trade.gov or visit the website <http://2016.export.gov/taiwan/>

	2014	2015	2016 (estimated)	2017 (estimated)
Total Number of Taiwan Students Studying in the U.S.	21,266	20,993	20,784	20,577
Total Number of New Student Visas Issued to Taiwan Students	14,858	14,713	14,566	14,421

Financial Contribution of Taiwan Students to the U.S. Economy (Unit: USD Million)	707	671	664	657
Exchange Rate: 1 USD	31.72	33.10	34.0 (e)	33.8 (e)

- 1) IIE Open doors 2015 Report
- 2) State Department 2014 Non-immigrant Statistics
- 3) NAFSA's Economic Analysis for 2014-2015 Academic Year
- 4) Exchange rates provided by Central Bank of China

Overview

Taiwan relies on imports for more than 99% of its energy needs. The Renewable Energy Act in 2009 was passed 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 is sourced largely from the Middle East and Southeast Asian countries. The United States and South Africa provide Taiwan its uranium fuel rod supplies. In response to public concerns about nuclear safety following the Fukushima disaster, Taiwan has indefinitely suspended the commissioning and commercial operation of the fourth nuclear (Lungmen) power plant. Taiwan's energy policy is designed to maintain a well-mixed portfolio of energy sources to balance energy costs, energy sufficiency, and environmental protection.

The state-owned Taiwan Power Company (TPC) is Taiwan's largest power utility company and sole owner and operator of Taiwan's island-wide transmission and distribution network. The TPC, under the supervision of Taiwan's Bureau of Energy, Ministry of Economic Affairs, has been endeavoring to reach an ideally ultimate point of a well-balanced power mix portfolio (see table below) and fuel cost. In addition, the TPC has spent tremendous resources in developing renewable energy such as solar power and wind power. Clean coal technology, especially post-combustion emission treatment and control measures, and the offshore wind power, will be the best opportunities of TPC's procurement.

Fuel Type	Gross Power Generation (MWH)	%
Coal	82,433	31.9
LNG	78,358	30.4
Nuclear	36,471	14.1
Cogeneration	39,322	16.1
Hydro	4,515	15.2
Oil	11,535	2.9
Wind Power	1,525	0.9
Solar	876	0.3

Source: Bureau of Energy, Ministry of Economic Affairs, Taiwan (2015)

Sub-Sector Best Prospects

- Clean coal technologies such as Integrated Gasification Combined Cycle (IGCC)
- Emission control products such as CO₂ 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

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Taiwan's Government Procurement Act (GPA) took effect in May 1999, and it requires all government procurement entities and state-owned companies to publicize any procurements with value over NT\$1 million (US\$30,000) on the Taiwan authority's e-procurement website <http://web.pcc.gov.tw>. Any company, including a foreign company, with bidding interest can go to this website to know tender information released by the state-owned Taiwan Power Company.

The Taiwan Power Company and the two privately owned power utilities, the Formosa Group (Mailou Plant) and the Taiwan Cement Group (Hoping Plant), always welcome any technology and equipment that can help their coal-fired and oil-fired power plants increase power generation efficiencies.

To transmit and distribute electricity in a more efficient way, Taiwan's Bureau of Energy and TPC have started the planning and pilot implementation of Taiwan's national smart grid system and have started pilot runs of demand-response projects to better utilize its installed power capacity.

U.S. companies can use the Business Facilitation Service provided by the Commercial Service Taiwan to have meetings with Taiwan's Bureau of Energy and the Taiwan Power Company to make technical presentations to introduce company background and products. U.S. companies can also use the Gold Key Service and Single Company Promotion service provided by Commercial Service Taiwan to help locate qualified local business partner and facilitate business development.

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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 or visit <http://www.buyusa.gov/taiwan/>

Electric Power Equipment Market	2014	2015	2016 (est.)	2017 (est)
Total Market Size	\$2,210,285	\$2,332,388	\$2,124,457	\$2,483,726
Total Local Production	5,554,323	5,609,866	5,338,642	5,687,654
Total Exports	8,663,805	8,750,443	8,327,379	8,493,927
Total Imports	5,319,767	5,472,965	5,113,194	5,289,999
Imports from the U.S.	798,651	806,638	767,638	782,991
Exchange Rate: 1 USD	31.72	33.10	34.0 e	33.80 e

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

Overview

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 a high ratio of local demand for electronic products, especially high-end integrated circuits. U.S. firms, however, 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.

Taiwan's PC market is mature, which is reflected in the high PC household penetration rate of 83.4% and Smartphone penetration rate of 73.4%. Most of Taiwan's industry computer production is performed on a contract basis with Quanta Computer, Compal Electronics, Wistron, Inventec and Pegatron (Formerly Asustek). There is a demand for U.S. chips and solutions required by these and other Taiwan companies for their manufacturing process. Taiwan PC vendors are now also making a strong push into the Smartphone arena, competing with Apple, HTC, Samsung, Sony, ZTE, Huawei and Xiaomi.

In order to elevate Taiwan's development in the next decade, the Executive Yuan created the Taiwan Productivity 4.0 Plan during 2015. The four-year Productivity 4.0 Sciences and Technology Development Action Plan is projected to launch in 2017 and will continue through until 2024. Productivity 4.0 is scheduled to be funded with USD 1.1 billion. The plan will focus on seven industries: Electronics and Information, Metal Processing, Pharmaceuticals and Health Care, Food, Textile, Logistics and Retail Service, and Agriculture. The plan intends to increase Taiwan's per capita GDP by 60% within next 10 years. Upgrading manufacturing technologies and implementing smart manufacturing to become a global leader in innovation through key technologies are the main targets of Productivity 4.0.

Sub-Sector Best Prospects

Research done by Market Intelligence & Consulting Institute (MIC) indicates that Taiwan's technology development in 2016 will experience a number of major trends. Based on this research, it is projected that the following sub-sectors will offer opportunities for U.S. firms seeking to tap into Taiwan's consumer market and global technology supply chain:

- Visual Reality Technology
- 5G Wireless Broadband Technology
- Biometric Technology
- Application Programming Interface
- Sharing Economy

- Data Control Structural Change
- Merger & Acquisition Trend
- Development of independent software, spinning out from Wintel
- Impact of Semiconductor development from China
- Internet of Thing

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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. Many have already shifted the manufacture and assembly of many lower value-added items overseas, primarily to 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 new innovative technologies and services. 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.

Taiwan companies are always seeking updated technologies especially from the U.S. to improve their production capability. U.S. semi-conductors play important role in Taiwan with their updated and innovative designs and applications. Taiwan semi-conductor manufacturers also purchase specialized manufacturing machines from U.S. suppliers. U.S. suppliers who are seeking partners in Taiwan may consider using the AIT Commercial Section's Gold Key Service. This service helps U.S. firms identify potential partners for their specified products and services. Also, the Single Company Promotion service can be used to help with business development for potential clients.

The International 2017 Consumer Electronics Show (CES) is the world's largest electronic technologies show, and is held in January 3, 2017 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 2016 the following electronic products related trade shows will be in Taipei, Taiwan:

- COMPUTEX Taipei, May 31 - June 4, 2016 <http://www.computextaipei.com.tw/>
- Touch Taiwan 2016 – Int'l Smart Display & Touch Panel Exhibition 2016, August 24-26, 2016 <http://www.touchtaiwan.com/en/>
- Taiwan International Photovoltaic Forum & Exhibition, October 12- October 14, 2016 <http://www.pvtaiwan.com/>
- Taipei International Electronics Show, Taitronics2016, October 6-9, 2016 <http://www.taitronics.org>

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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/>

Business Monitor Online: <https://bmo.bmiresearch.com/home>

Market Intelligence & Consulting Institute (MIC): <http://mic.iii.org.tw/english/>

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 or visit <http://2016.export.gov/taiwan/>

Unit: USD thousands

	2014	2015	2016 (estimated)	2017 (estimated)
Total Market Size	\$14,563,900	\$13,402,850	\$12,491,650	\$12,741,500
Total Local Production	34,041,720	33,274,950	31,729,500	32,364,700
Total Exports	31,856,360	31,138,800	29,723,600	30,318,100
Total Imports	12,378,540	11,266,700	10,485,750	10,695,500
Imports from the U.S.	321,870	314,650	310,550	316,790
Exchange Rate: 1 USD	31.72	33.10	34.0 (e)	33.8 (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

Overview

According to Semiconductor Equipment and Materials International (SEMI), fabrication equipment spending in Taiwan was US\$9.63 billion in 2015, which is 30 percent of the overall industry spending on fabrication equipment. In 2015 alone, companies in Taiwan spent over US\$1.5 billion on packaging and test equipment. SEMI estimates that the Semiconductor equipment market size is expected to decrease around 9% in 2016.

Taiwan continues to be the top market for semiconductor manufacturing equipment (SME), and the seventh largest United States export market for semiconductors. Taiwanese companies are major manufacturers of electronics equipment with design and buying decisions for semiconductors taking place in Taiwan. Taiwan is a participant in the WTO's Information Technology Agreement; therefore, there are no significant tariff or non-tariff barriers to United States exports in these sectors. The major Taiwanese semiconductor companies include Taiwan Semiconductor Manufacturing Company (TSMC) and United Microelectronics Company (UMC), both of which serve as foundries (contract semiconductor manufacturing companies) for fabless integrated circuit (IC) design companies in the United States and elsewhere.

Most Taiwan semiconductor production takes place in science parks, which offer favorable conditions for high tech manufacturing of all sorts. Leading science parks include Taiwan Hsinchu Science Park (HSP), Southern Taiwan Science Park (STSP), and Central Taiwan Science Park (CTSP).

The release of China's IC industry development plan in 2014 was followed by multiple attempts by Chinese investment firms and state-owned enterprises to acquire Taiwanese IC related assets. After the U.S., Taiwan has been the most affected by the Plan. Taiwanese law prohibits mainland companies from owning any controlling stake in Taiwanese semiconductor companies and prevents mainland acquisition of semiconductor companies. Laws also prohibit mainland investment in any IC design company, though it does allow for partial mainland investment in both the foundry and packaging sectors.

China's investment attempts have been a topic of controversy in Taiwan. Some fear that if Taiwan maintains its investment laws, it will "lose out" on the potential benefits of opening up to the mainland and stress that the mainland is not a threat. On the other hand, there is concern that if Taiwan opens up its economy to mainland investment, it will be "hollowed out" and lose significant intellectual property. At present, it is unlikely that Taiwan will alter its regulations on mainland investment, especially with the election of the Democratic Progressive Party and its desire to maintain the status quo with investments and to preserve its semiconductor industry.

Sub-Sector Best Prospects

United States equipment products projected to have the best sales potential in the Taiwan market include:

- 848610 Machines for the manufacture of semiconductor boules or bare wafers
- 848620 Machines for the production of semiconductor devices or integrated circuits
- 858640 Machines for the manufacture of masks and reticles; assembling semiconductor devices or integrated circuits; lifting, handling, loading and unloading of boules, wafers, semiconductor devices, electronic integrated circuits and flat panel displays.
- 848690 Parts and accessories for 848610, 848620, 848640; and flat panel display manufacturing equipment (848630)
- 903082 Instruments and apparatus for measuring or checking semiconductor wafers or devices
- 903141 Optical instruments and appliances for inspecting semiconductor wafers or devices or for inspecting photomasks or reticles used in manufacturing semiconductor devices

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Taiwan is open to trade in both semiconductors and semiconductor manufacturing equipment, and presents a good market for United States companies. Most semiconductors and semiconductor manufacturing equipment are imported tariff-free into Taiwan under the WTO Information Technology Agreement, providing leading United States semiconductor and SMEs unfettered access to the market. For the semiconductors market, Taiwan's ICT industry production continues to grow. Export opportunities for United States companies include: semiconductors used in display products (computer touch-screen panels, smartphone screens, and LCD monitors); semiconductors used in data center equipment (computer servers, data storage, and switching equipment) to facilitate the growth in cloud computing; and semiconductors (especially sensors and communications ICs) used in the Internet of Things (IoT) – which will be a major demand driver over the next ten years. In regards to semiconductor manufacturing equipment, the worldwide sales of SME to Taiwan are expected to slow down at an annual rate of 9 percent to about US\$8.76 billion in 2016. However, Taiwan is forecast to remain the top market for semiconductor manufacturing equipment.

Participating in major trade shows is one of the most effective ways to generate 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/>

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

- TICA Taipei Computer Applications Show, July 29 - August 01, 2016
http://www.tica.tw/zh_TW/index.html
- SEMICON Taiwan 2015, September 7 – 9, 2016
<http://www.semicontaiwan.org/ZH/index.htm>
- Taipei International Electronics Show, Taitronics 2015, October 6 - 9, 2016
<http://www.taitronics.org>

- Taiwan International Photovoltaic Forum & Exhibition, October 12 - 14, 2016
<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>

International Trade Administration, ITA: <http://www.trade.gov/>

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

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

United States 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 United States Commercial Service (CS) Taiwan Commercial Specialist Teddy Chien at teddy.chien@trade.gov or visit <http://2016.export.gov/taiwan/>

Unit: USD thousands

	2014	2015	2016 (estimated)	2017 (estimated)
Total Market Size	9,400,000	9,630,000	8,760,000	9,500,000
Total Local Production	2,570,000	2,633,753	2,400,000	2,601,600
Total Exports	1,030	1,055	955	1,035
Total Imports	6,829,000	6,997,320	6,367,560	6,902,435
Imports from the U.S.	1,874,511	1,920,606	1,747,751	1,894,562
Exchange Rate: 1 USD	31.72	33.10	34 (e)	33.8 (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

franchise stores in the world, and is home to the largest concentration of international and local franchises with more than 3,000 franchising brands and headquarters. Franchising brands in Taiwan encompass nearly 105,000 stores (41% directly opened stores and 59% franchised stores). The Taiwan Chain Stores and Franchise Association calculated that the total revenue of the franchise industry in Taiwan reached US\$40 billion in 2015, a growth rate of 20% from the previous year. Over 90% of Taiwan's service industry accounts for 62.3% of the island's total GDP in 2015. The service sector and franchise industry are expected to continue to grow through increased entrepreneurship and innovation.

Among the 3,000-plus franchise concepts in Taiwan, foreign franchises account for approximately 10% of the industry. U.S. franchises were the first to enter and expand in Taiwan, thus U.S. is by far the largest supplier of foreign franchises in terms of revenue and is well received in Taiwan. There are over 360 Starbucks stores on the island, while McDonald's has nearly 400 stores and 7-Eleven boasts over 5,000 stores. Other U.S. franchising brands in Taiwan are Burger King, KFC, Pizza Hut, Krispy Kreme, Subway, World Gym, and many others have operations in Taiwan. More recent U.S. franchises that have entered the Taiwan market include Dairy Queen, Quiznos, Krispy Kreme, and Jamba Juice. Overall, U.S. franchising brands are perceived positively, especially those with a well-known brand name.

Foreign franchises are well received in Taiwan and Taiwan firms and entrepreneurs are continually seeking new business concepts to introduce to the market with the aims to diversify and expand their businesses. However, in recent years, Taiwan's investors have become more conservative in adopting new foreign franchises due to the high capital investment required by foreign franchise operators and increasing competition from local and regional franchises.

Following the U.S., another key supplier of franchises in Taiwan is Japan, as Japanese franchises in a variety of industries have an increasingly strong presence in Taiwan. According to local franchising partners, Japanese franchises tend to be more flexible than U.S. franchises with their operations in Taiwan. For example, they are generally more willing to localize their product to Taiwan tastes and also contribute more funds towards marketing and advertising. Furthermore, Japanese franchises tend to charge lower start-up fees and request lower royalties (2%) than many American franchises (6-7%), making them a competitive choice for prospective buyers in Taiwan. Also Japanese franchising brands typically consider partnership with a local franchisee as that of a joint investor, charging lower royalties but opening more stores overall, thus bringing in higher revenue. As for most U.S. brands, they charge higher start-up fees and royalty fees, therefore enjoying a higher share of the profit per store, but opening less stores and bringing in comparatively less revenue overall. Therefore, Japanese franchises are beginning to expand throughout Taiwan more rapidly than U.S. franchises.

Local franchise concepts have also grown rapidly, with some of the larger ones franchising abroad. Examples of popular Taiwan franchises include tea shops such as Chatime and 85C Bakery Café, restaurants like Ding Tai Fung, and convenience stores like Family Mart.

Sub-Sector Best Prospects

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Taiwan is an attractive market for franchisors. According to the Taiwan Chain Stores and Franchise Association in 2015, 36.3% of franchisors in Taiwan are in “general retail” such as bakeries, sporting goods, furniture stores, convenience store chains, organic products, health and drug stores, apparel stores, shoe stores, information supply stores, bookstores, video stores etc., followed by the “food and beverage” industry (32.3%) such as restaurants, tea and coffee chai shops etc., “living services” (27.8%) such as Spa services, hair salons, pet services, consultants, interior design services, language schools, real estate brokerage services, medical services, travel agencies, hotels, wedding photography services, and others (3.5%).

Taiwan’s consumers enjoy a moderately high standard of living and thus pay close attention to famous or high-end brand names, as well as exciting new products hitting the market. Taiwan consumers are often willing to line up for hours at internationally recognized franchises that are new to Taiwan.

Over the past few years, local Taiwan companies have increasingly used the franchising route to expand their businesses within Taiwan and overseas, with many companies owning one or multiple franchise concepts. In addition to good branding, competitive products and services, comprehensive training programs, and strong systems and processes, maintaining excellent franchisor-franchisee communication is vitally important for long-term franchising success. Taiwan is the most dynamic sector in the franchise industry; it is the most saturated and competitive as local competition is fierce; therefore, good prospects for new-to-the-market U.S. franchise brands are limited to top well-known brands.

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Taiwan is known as the heart of Asia. Residents from the region often travel to Taiwan for business and leisure, making Taiwan a good springboard for U.S. franchisors wishing to enter the markets of Asia. It is also an ideal location for foreign franchisors to test their concepts and gauge the acceptance of those concepts in China and elsewhere in Asia. There are also opportunities for U.S. franchisors to work with Taiwan companies with good connections overseas to enter other Asian markets. With its strategic location and well-developed infrastructure, Taiwan serves as a regional showcase and distribution center for products and services from all over the world.

In Taiwan, business ownership is revered. Signing on as a franchise with a strong brand name is attractive to many Taiwan entrepreneurs seeking to break into the fastest-growing segment of Taiwan’s retail industry with a higher chance of success and quicker speed than by going it alone. A growing number of Taiwan entrepreneurs are investing their futures in a franchise operation. Potential franchise buyers in Taiwan include both aspiring and established businessmen, many of whom belong to a second generation of

Taiwan entrepreneurs born or educated in the United States; they seek to use strong family financial backgrounds to bring familiar and cherished brands from the U.S. to Taiwan. Franchising generally appeals to the young generation in Taiwan because it's a way into business with up-to-date management and marketing strategies.

Today, asset rich Taiwan firms and entrepreneurs continue to seek new business concepts to introduce into Taiwan and the region. Many are looking to diversify their business and some are seeking future investments. Real estate and Hi-tech companies with good income are also continually seeking opportunities to cross over into other industries through franchising.

In recent years Taiwan investors and potential franchisees have become more conservative in adopting new foreign franchises. This is primarily due to the high capital investment required by foreign franchise operators and increasing competition from local franchises. The success of selling a franchise in Taiwan is based on a number of factors including brand name, up-front costs and royalties, the concept's uniqueness and the flexibility of the franchise agreement.

In order to succeed in the Taiwan market, U.S. franchises should not only carry a prestigious brand name, but also be prepared to provide considerable support to their local partners, including best practices, systems integration, personnel and customer service training, and consistency in product quality. Several well-known American franchise brands have opened in Taiwan over the last year, with several more under negotiation. 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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Ministry of Economic Affairs: <http://www.moea.gov.tw/Mns/english/home/English.aspx>

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

Taiwan Chain Stores and Franchise Association: <http://www.tcfa.org.tw>

Association of Chain and Franchise Promotion, Taiwan: <http://www.franchise.org.tw/>

Association of Service Industries, Taiwan: <http://www.asit.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 Mei Mei Wang via meimei.wang@trade.gov or visit: www.buyusa.gov/taiwan

Unit: USD thousands

	2014	2015	2016(est.)	2017(est.)
Total Market Size	\$33,333,000	\$39,999,000	\$41,998,000	\$44,098,000
Exchange Rate:1 USD	31.72	33.10	34.0(e)	33.8(e)

Data Source: Taiwan Chain Stores and Franchise Association

Household Consumer Goods (HCG)

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Overview

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With an increasing demand for quality products and enjoyable shopping environment, the concept of using modern retail channels such as department stores, supermarkets, hypermarkets, and ecommerce platforms for purchases of household consumer goods has been widely adopted by consumers in Taiwan. Taiwan consumers are sophisticated and they closely follow global trends. The market scale of household consumer goods in Taiwan has remained at around US\$1.6 billion over the past three years. With growing interest in good-quality household consumer goods by local consumers, the import market is expected to increase for the next two to three years, especially for high-end products. In 2015, the value of imports from the United States was US\$5.4 million, accounting for about 1.3% of the total import market. For high quality products, the industry is projected to have a growth of imports from the U.S. at about 3 percent to 5 percent for the next two years. In Taiwan the U.S. remains one of the major suppliers of high-end imported household consumer goods of water filters, air purifiers, household essentials, vacuum cleaning robots, blenders, food processors, and other housewares.

The Taiwan market of household consumer goods is mature and mainly divided into price-oriented and quality-oriented segments. The store-based retailing market for branded household consumer goods is well established and welcomed by consumers in Taiwan. Ecommerce has become one of the channels for consumers to purchase household consumer goods. The major ecommerce platforms in Taiwan are PChome, Yahoo, and Momo. Local production mainly supplies the market for low- to medium-end household consumer products, while imports from more advanced economies are considered to be of superior quality and supply the high-end market. The major countries of origin of the high-end imported household consumer goods in the Taiwan market are the United States, Japan, Korea, and some European countries, such as France, Italy, Germany, United Kingdom, Sweden, Switzerland, and Denmark. Products with positive demand from the U.S. are high-end household electric appliances, kitchen utilities, washers, household furnishings, air/water filters, and purifiers.

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- High-end kitchen utilities such as blenders, cooking wares, coffee makers, food processors, mixers, bakeware, ovens, dish washers
- Household furnishings such as carpets, blankets, towels
- Household high-end electric appliances, such as vacuum cleaning robots, cloth washers, cloth dryers, refrigerators, electric tooth brushes
- Water filters, air purifiers
- Household essentials, such as laundry products, air refreshers, cleaning sanitary agents

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With the continuously growing demand for interesting lifestyles and better living standards, more and more local consumers are willing to increase their expendable

budget on household consumer goods to create a more enjoyable living environment. Taiwan is a viable market for high-quality and differentiated household consumer goods. Steady sales growth in high-end retailing channels in the past five years have shown that local consumers believe that U.S. products provide good designs and high quality. Since the market for the low- to medium-end of household consumer goods has been intensely competitive and dominated by local and Asian suppliers, U.S. suppliers of household consumer goods should target the high-end market. Taipei, Taichung, and Kaohsiung are the top three major metropolitan areas in Taiwan. With high population densities and mean average family income in Taiwan that is approaching US\$ 36,682 per year, these cities are the centers of Taiwan's retail market. To enter the Taiwan market, U.S. suppliers should consider designating a capable agent or distributor with a well-established network to major retail channels. It is a key factor for success.

Ecommerce in Taiwan has grown strongly, recording double-digit growth in sales in recent years. With an internet penetration rate approaching 80%, Taiwan is ripe market for continued ecommerce growth with revenues reaching US\$ 31 billion in 2015. Taiwan also holds among the highest mobile penetration and smartphone rates in the region. There are projections that Taiwan's online retail space will eventually outperform traditional retail stores. Retailers are increasingly focused on improving their online offerings, including raising security and delivery standards. Online and TV shopping have become popular retail sales channels in Taiwan. Business to consumer (B2C) online shopping is expanding robustly, and reached US\$18.6 billion in 2015, 15.89% more than 2014. 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.

With a high and growing rate of internet penetration within the Taiwan population, consumers are accustomed to the use and adoption of Internet and cloud services from the so-called smart, internet-enabled consumer electronics. These smart products may add value in the context of internet content, remote accessibility and advanced scheduling. Products like Smart TV and intelligent refrigerators that are being introduced to the Taiwan market are two examples of products that integrate internet technology with traditional household appliances. For an increased sense of awareness among Taiwan consumers in smart, internet-enabled products, U.S. companies may integrate this technological trend in their smart household consumer goods and enter the Taiwan market with a competitive edge over the whole Internet-of-Things (IoT) ecosystem.

CS Taiwan has collaborated with local retailers of major department stores and hypermarkets in organizing "America Weeks" events to promote U.S. consumer goods in Taiwan. From June 30 to July 11, 2016, CS Taipei will partner with one of the largest department store chains, Far Eastern Department Store Corporation (FEDS), to promote "America Weeks" for 12 days at seven FEDS department stores throughout Taiwan. FEDS estimates that the promotions will attract over two million shoppers. The America Weeks retail promotions are an excellent venue for U.S. suppliers and their Taiwan representatives to participate in order to enhance their brand image, generate sales, and expand market share in the Taiwan market. CS Taiwan will continue partnering with Taiwan's popular retailers, seeking opportunities on behalf of interested U.S. companies to promote U.S. household consumer goods.

The U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their

products and locate agent/distributor worldwide. To obtain the services provided by the U.S. Commercial Service, please visit the website at <http://www.export.gov/taiwan>.

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

Department of Statistics, MOEA: <http://www.moea.gov.tw>

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

National Statistics, Taiwan: <http://eng.stat.gov.tw/mp.asp?mp=5>

U.S. firms seek more information on the household consumer goods market in Taiwan, please contact Shan Shan Tsai, Commercial Assistant at Commercial Section of American Institute in Taiwan, at shanshan.tsai@trade.gov, or visit the website www.buyusa.gov/taiwan.

Unit: USD thousands

	2014	2015	2016 (est.)	2017 (est.)
Total Market Size	\$1,628,501	\$1,595,940	\$1,675,736	\$1,759,523
Total Local Production	1,758,951	1,693,886	1,778,580	1,867,509
Total Exports	531,366	505,505	530,780	557,319
Total Imports	400,916	407,559	427,936	449,333
Imports from the U.S.	4,212	5,418	5,688	5,972
Exchange Rate: 1 USD	31.72	33.10	34.00(e)	33.80(e)

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

Data Sources:

Total Local Production: Department of Statistics, Ministry of Economic Affairs

Total Exports: Bureau of Foreign Trade, Ministry of Economic Affairs

Total Imports: Bureau of Foreign Trade, Ministry of Economic Affairs

Imports from U.S.: Bureau of Foreign Trade, Ministry of Economic Affairs

Overview

Taiwan's population reached an estimated 23.49 million in 2015 with a growth rate at 0.25% for the year. Taiwan's Ministry of Interior indicated that 12.51% of Taiwan's population in 2015 was over the age of 65. This, some say, is in part due to a successful health care system. In 2014, Taiwan's health expenditure was 6.3% of gross domestic product (GDP) and is expected to grow annually at a rate of 4.8% putting further strain on healthcare expenditures in the coming years. This trend however, is not merely driven by an aging population, but economic performance, a universal healthcare coverage system and an increasing prevalence of chronic disease. About 62% of Taiwan's healthcare expenditure is funded by the public sector with the remaining 38% covered by out-of-pocket private spending. Taiwan also had one of the highest per capita healthcare spending trends in the Asia Pacific region in 2014, at US\$2,546 per person, one third of the United States.

In 1995, Taiwan launched the National Health Insurance (NHI) program, and has provided high standard universal health coverage (99.9% of the population) through a single payer system ever since.

Taiwan is home to more than 20,000 primary and 500 secondary care units, many of which are small, privately owned clinics. In 2014, approximately 93% of all health care facilities were contracted by the National Health Insurance (NHI) system to provide healthcare service. Beginning in 2013, Taiwan's NHI entered its second generation phase, which focuses on applying internet, cloud and other information technologies to the system to optimize use and efficiency. Many of the more advanced medical devices are too expensive for the NHI system to reimburse their users. In this case, a self-pay category is utilized, especially for items such as coronary stents, artificial ceramic hip joints, artificial intraocular lenses and metal-on-metal artificial hip joints.

Taiwan is a major market for U.S. medical device exports. The 2015 medical device market in Taiwan grew to approximately US\$3.5 billion. Business Monitor International expects that the Taiwan medical device market will continue to grow by 7.7% from 2014-2019. Taiwan's lucrative medical device market is ranked among the top 25 in the world in terms of value. Due to limited market size, Taiwan manufacturers export the majority of their products to foreign markets, which consists of primarily mid-to-low-end medical equipment and contracted manufacturing for multinationals. The opportunity for imports is at the high-end where the United States and Japan have been the primary sources. Over 70% of the market is still supplied by imports, of which the U.S. holds one third, or approximately 34.9%, of the market share.

Generally the following documents are required by Taiwan authorities for medical devices shipments, regardless of content or method of shipping: Commercial Invoice, Certificate of Origin, Packing List, Pro forma Invoice, and Bill of Lading. Additionally medical devices also require a free sale certificate. The certificate for medical devices may be obtained from the U.S. Food and Drug Administration's Center for Devices and Radiological Health.

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

In Taiwan, medical devices are divided into three risk classification levels - Class I (low risk), Class II (medium-risk) and Class III (high-risk), with the latter two medical devices sold in Taiwan required to meet the following requirements:

- Must be labeled with the product name, license number, name and address of the manufacturer printed in Chinese
- Manufacturing date and/or expiration date; the dates do not need to be in Chinese
- The Chinese product name cannot be in a smaller print than the foreign product name.

The regulatory bodies for medical devices are Division of Medical Devices and Cosmetics under Taiwan Food and Drug Administration (TFDA). Telephone: +886-2-2787-8000. TFDA medical devices registration inquiry hotline: +886-2-8170-6008

Sub-Sector Best Prospects

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Below are the most promising subsectors:

- 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

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- Growing elderly population

Taiwan's population reached an estimated 23.49 million in 2015, with approximately 13% of the population over the age of 65. That percentage is more than doubled that in 1984. The MOHW reports indicated that Taiwan's population will continue to grow up until the year 2021 along with an increase in the population of seniors. As a result, the National Health Expenditure (NHE) should continue to increase.

- High import demand over high-tech end market
Approximately 70% of the medical device market is supplied by imports especially at the high-tech end of the market. The imported advanced medical devices are generally from the United States, EU, Japan, and mainland China with the trend remaining strong.
- Access to Asia market

As living standards rise, there is increased demand for medical care in Asia. Taiwan is located in the transportation hub of the Asia-Pacific region, which makes Taiwan an ideal location for entering the emerging markets of Asia, especially to mainland China.

Web Resources

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U.S. Census Bureau, <http://www.census.gov/>

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

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

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

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

Customs Administration, Taiwan Ministry of Finance: <http://www.customs.gov.tw/>

Business Monitor International (BMI) Research, <https://bmo.bmiresearch.com/home>

U.S. firms wishing to learn more about Taiwan's medical devices market, as well expanding U.S. export opportunities to Taiwan are encouraged to contact CS Taipei Specialist Evan Gao at evan.gao@trade.gov or visit our website at <http://2016.export.gov/taiwan/>

Unit: USD thousands

	2014	2015	2016 (fcst.)	2017 (fcst.)
Total Market Size	3,374,870	3,471,945	3,633,109	3,878,525
Total Local Production	2,723,833	2,788,519 e	2,897,059	3,085,799
Total Exports	862,564	861,367	927,692	999,125
Total Imports	1,513,601	1,544,793	1,663,742	1,791,850
Imports from the U.S.	353,539	362,274	390,169	420,212
Exchange Rate: 1 USD	31.72	33.10	34.00 f	33.80 f

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Customs Administration, Taiwan Ministry of Finance

Total Imports: Customs Administration, Taiwan Ministry of Finance

Imports from U.S.: U.S. Census Bureau

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Taiwan is the largest yacht manufacturer in Asia with more than 20,000 luxury craft constructed on the island now cruising the world's oceans. Taiwan's yacht production ranks number one in Asia and in the top four globally. In Taiwan, there are 36 active yacht manufacturers, 22 of which are located in the Kaohsiung area of southern Taiwan where there is a well-established industry cluster in the vicinity of Kaohsiung Harbor. Taiwan held Asia's largest indoor boat show and its second international boat show in Kaohsiung in March, 2016. The show attracted more than 70,000 visitors including around 2,000 overseas buyers and generated sales of 35 yachts during the show.

The United States is typically the largest market for yachts manufactured in Taiwan and is also one of the biggest suppliers of components used by Taiwan yacht builders, especially engines. The biggest recent development in the local industry is the changes in Taiwan's luxury tax for yachts. The new rules stipulate that only yachts over 100 feet will be subject to the ten percent luxury tax. The previous rules stated that any yacht over NTD 3 million (approximately USD 93,000) in value would be subject to the luxury tax. Local industry experts claim this will open the domestic market to American yacht builders that specialize in ocean going yachts under 100 feet.

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- Engines and Generators
- Steering Control Systems
- Air Conditioning Systems
- Vacuum and Marine Toilet Systems
- Sprinkler Systems
- Stabilizers
- Bow and Stern Thrusters
- Paint
- Water Makers
- Hi-Test Chain
- PVC Foam
- Search Lights
- Other Deck Hardware

- Yachts under 100 feet in length

Opportunities

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The marine sector in Taiwan is well-developed and competitive in the areas of yacht and ship construction. Its domestic yachting leisure industry is nascent as rules and regulations are being amended to better allow the marine leisure lifestyle. U.S. firms may find opportunities in marina design and operation and in supplying parts and expertise to Taiwan's yacht builders. With the relaxing of the luxury tax rates and continued development of waterfront areas and marinas, American finished yacht manufacturers may begin to see opportunities in Taiwan's domestic market.

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(Taiwan Yacht Industry Association (TYIA): <http://taiwan-yacht.myweb.hinet.net/>)

Ship and Ocean Industries R&D Center: <http://www.soic.org.tw/usddc3/eng/index.html>

U.S. firms wishing to learn more about the pleasure boats/accessories market and expanding U.S. export opportunities to Taiwan at the trade show mentioned above are encouraged to contact AIT Commercial Section Kaohsiung Commercial Assistant Daphne Fan at daphne.fan@trade.gov or visit <http://2016.export.gov/taiwan/>

Unit: USD thousands

	2014	2015	2016 (estimated)	2017 (estimated)
Total Market Size	\$200,000	\$200,000	\$210,000	215,000
Total Local Production	150 yachts	150 yachts	160 yachts	165 yachts
Total Exports	125 yachts	135 yachts	140 yachts	145 yachts
Total Imports	20,000	20,000	21,000	21,500
Imports from the U.S.	12,000	12,000	12,600	12,900
Exchange Rate: 1 USD	31.72	33.1	34	33.8

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

Data Sources:

Total Local Production: Industry Statistics

Total Exports: Industry Statistics

Total Imports: Industry Statistics

Imports from U.S.: Industry Statistics

Pollution Control Equipment (POL)

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Since 1980's, Taiwan has developed a comprehensive sets of laws and regulations to address all of the environmental protection issues for the air, water, and soil environmental sectors. In 2011, Taiwan's Environmental Protection Administration (EPA) announced more stringent standards for discharged waste water and emitted air pollutants. Since then, Taiwan's 10,000 more manufacturing plants in the island's 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.

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
- Post-combustion emission waste gas treatment equipment

Opportunities

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The Taiwan authorities started to address climate change by passing and implementing the Greenhouse Gas Reduction Act in 2015. According to the Act, Taiwan will endeavor to reduce its greenhouse gas emissions to levels recorded in 2000 by the year 2025. The market demand for greenhouse gas monitoring and reduction technologies and equipment will continue to be increased for the next 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.

In the water sector, Taiwan is facing a serious water shortage situation due to rainfall shortages caused by drought. The water recycling technology and equipment for industrial and municipal waste water therefore has tremendous business opportunities. In addition, Taiwan has 100 EPA-accredited testing laboratories. These laboratories have continuous demand to procure precision testing instrument, much of which is manufactured by international suppliers.

Taiwan is the world's most leading manufacturing base of Information & Communication Technology (ICT) devices and equipment. Taiwan's central as well as the local governments are currently endeavoring to promote Smart City initiatives by widely applying ICT and Internet of Things (IoT) technology. Environmental Monitoring and Control devices and equipment with real-in-time data transmission capabilities will be procured by government entities and public-owned utilities to form a communication data

network to provide Big Data for the purpose of sustainable and efficient operations. For example, Taiwan's EPA is starting to renew Taiwan's 50 more island-wide air monitoring stations to provide real-in-time air quality information of PM10, PM 2.5, and other atmosphere gases.

U.S. companies providing pollution control treatment equipment can use the Gold Key Service and Single Company Promotion service provided by Commercial Service Taiwan to help locate qualified local business partners and facilitate business development.

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 2016, June 6-9, 2016, Las Vegas, Nevada
<http://www.wasteexpo.com/we16/public/enter.aspx>
- American Water Works Association(AWWA) ACE 16, June 20-22, 2016, Anaheim, California
<http://www.awwa.org/conferences-education/conferences/annual-conference.aspx>
- Taiwan Green Industry Show (TiGiS) 2015, October 12-14, 2016, 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 U.S. 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 or visit <http://2016.export.gov/taiwan/>

Unit: USD thousands

Pollution Control Equipment	2014	2015	2016 (est.)	2017 (est.)
Total Market Size	\$749,525	\$757,020	\$701,929	\$719,323
Total Local Production	524,843	530,091	514,552	530,225
Total Exports	541,844	547,262	733,701	588,832
Total Imports	766,526	774,191	921,078	777,930
Imports from the U.S.	183,617	185,453	197,035	198,992
Exchange Rate: 1 USD	31.72	33.10	34.00 e	33.80 e

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

Overview

In terms of new technologies, Smartphone, broadband, and wireless chips represent the major trends in Taiwan's telecom industry. The Taiwan telecom industry is focusing on network flow management, deployment of virtual and heterogeneous networks, and integrated services. Also, Taiwan's fixed-network carriers, mobile operators, and broadcasters (terrestrial TV, radio and CATV networks) are upgrading their network infrastructure to increase their 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 focus on Long Term Evolution (LTE) 4G technology, which is a standard supported by the world's major telecom equipment and service providers. Following global trends, Taiwan is also keen on becoming involved in developments related to the upcoming 5G standard.

Taiwan imports about 80% of its telecommunications equipment. Over 50% of its imported telecommunications equipment comes from China, primarily originating from OEM, ODM factories. The U.S. has approximately 10% market share of the imported telecommunications equipment into Taiwan.

Sub-Sector Best Prospects

- 4G Long Term Evolution (LTE)
- 5G
- 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 Equipments and Accessories
- Satellite Communication System Integration for Government, Military and Media
- Satellite News Gathering (SNG), Electronic News Gathering (ENG) equipment
- Wireless LAN
- Virtual Reality

Opportunities

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The Taiwan authorities launched “The Development of Digital Convergence Program” in 2010. The program’s objectives are to secure a comprehensive high-speed broadband network capacity up to 100Mb that can 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 seek to achieve six million fiber optic subscribers, two million wireless broadband subscribers, a digital cable TV penetration rate of 100% of the national households, and a 50% increase in new video service penetration by 2015. Taiwan began 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 and shall release more in 2016. Those licenses are covering both analog FM and AM stations since digital radio has no market after years of trying. Several TV stations are undergoing new building construction that integrates the High Definition (HD) studios technology. All these projects would require the latest broadcasting equipment and services.

Taiwan is comparatively late in transforming to 4K resolution content. Many TV stations and studios have not completely changed to HD technology and are hesitate to remove the HD systems to 4K. Taiwan Authorities are still encouraging the local content providers to start purchasing the 4K related equipment and software for the upcoming 29th Summer Universiade which will be held in Taipei from August 19-30, 2017.

On 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. The deployment of LTE 4G is also expected to boost the demand for innovative applications, content, and software. The NCC plans to auction more 4G spectrum in 2016.

WiMAX operators have been required to have their systems upgraded to the WiMAX 2.1 in order to be compatible with TD LTE by the end of 2015. Since all the WiMAX operators failed to meet requirements set by NCC, they have turned in their spectrum for NCC to re-auction those spectrums for 4G operators. Following steps taken by Europe, China and Korea, Taiwan’s Executive Yuan has announced 2014 as the launch year for 5G and they will invest US\$400 million in the next six years in 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 and Wi-Fi technologies to fulfill Taiwan’s 3M strategies: Multi-Network, Multi-Devices and Multi-Usage.

From 2015-2017, the Taiwan Authorities are focusing on reaching the objectives of creating smart cities concepts, prevalent 4G services and local industrial upgrades. The smart city applications will be principally applied in the surveillance, healthcare, logistic, financial services, transportation and entertainment sectors. CS Taiwan has hosted a smart city webinar and will host more related activities for U.S. suppliers to learn more about these smart city opportunities.

Participating in major trade shows is one of the most efficient ways to generate international sales. The National Association of Broadcasters Show 2017 (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 22-27, 2017 in Las Vegas, Nevada. 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.tw-ita.org/about/institutes/618>

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>

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 or visit <http://2016.export.gov/taiwan/>

Unit: USD thousands

	2014	2015	2016 (estimated)	2017 (estimated)
Total Market Size	\$3,736,090	\$3,645,450	\$3,539,100	\$3,623,850
Total Local Production	8,405,560	8,216,200	8,265,700	8,463,600
Total Exports	7,421,670	7,254,500	7,297,900	7,472,650
Total Imports	2,752,200	2,683,750	2,571,300	2,632,900
Imports from the U.S.	255,360	258,310	267,450	273,900
Exchange Rate: 1 USD	31.72	33.10	34.0(e)	33.8 (e)

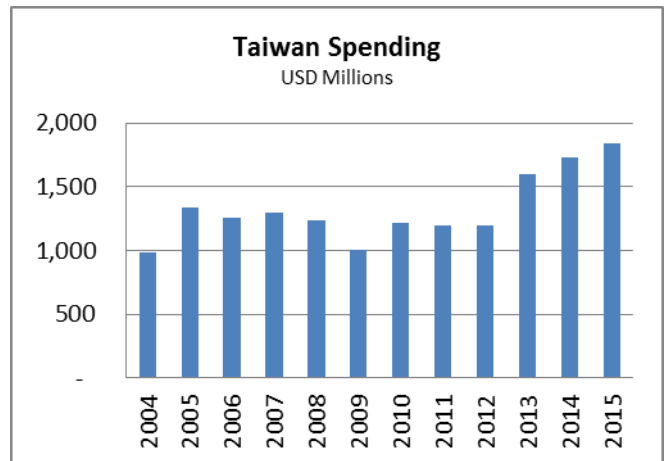
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

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



* Data Sources: Office of Travel and Tourism Industries (OTTI), Department of Commerce

The United States is the top long-haul destination for Taiwan’s outbound travelers. During 2015 over 440,000 Taiwan visitors spent US\$ 1.8 billion on travel and tourism goods and services in the United States. On November 1, 2012, Taiwan joined the Visa Waiver Program. Taiwan is one of only seven economies in the Asia Pacific region and one of 38 worldwide to enjoy visa free travel to the United States. Now that most Taiwan travelers coming to the United States for tourism or business no longer require a nonimmigrant visa, travel to the United States has increased dramatically and continues at a strong rate. Annual visitation for 2015 grew 6.4%, while the number of total Taiwan arrivals to the United States since 2012, when the Visa Waiver Program was initiated, has increased by 52%.

In April 2016, the U.S. and Taiwan signed a joint statement regarding cooperation on an International Expedited Traveler Initiative which will expand U.S. Customs and Border Protection’s Global Entry program.

For the people of Taiwan, outbound travel is a vital part of 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 \$22,600. As such, an increasing share of the population has the means to seek and enjoy leisure travel abroad. The significant outbound tourist market is supported by over 50% of Taiwan’s 23 million people who go abroad each year for business, education, and vacation.

Taiwan’s population shares a perspective of the United States as a melting pot of world cultures that attracts a large number of immigrants who bring their own culture and cuisine to the country. Each of these features gives the United States its own special charm that differentiates it from all the other countries. Along with the vigorous development of business activities between the United States and Taiwan, the tourism industry has room to grow as a result of the increased growth of the MICE (Meeting,

Incentive, Conference, and Exhibition) industry trend. All-inclusive guided group package tours remain popular with first-time visitors and seniors. The tourism industry should craft itineraries that include mini-tours and appeal to young professionals. As Taiwan travelers mature and become more business savvy, the trend is shifting towards Foreign Independent Travelers (FIT), a market sector of individuals who arrange their own variety of special interest tours, flights, car rental, and accommodations. Because more than 80% of the visitors from Taiwan to the U.S. are FITs, the demand is expected to grow for niche travel experiences such as sport travel, adventure tours, health and wellness vacations, honeymoon tours, gastronomic holidays, cruise tours, and youth study travel. Substantial, 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 countries within the European Union.

Sub-Sector Best Prospects

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Taiwan visitors to the U.S. most commonly travel for the purpose of vacation and holidays (37%), visiting friends and relatives (26%), doing business (21%) and attending conferences and trade shows (10%). Taiwan visitors to the United States took an average of 55 days to finalize their travel plans. For 28% of these visitors, it was their first international trip to the United States, and 25% of these travelers booked a pre-arranged package. The average length of stay for Taiwan visitors in the United States was 20.7 days and they visited an average of 1.3 states.

Of the states receiving visitors from Taiwan, California received the most with nearly half of the visitors, followed by Guam, New York, and Nevada. 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 are Los Angeles, San Francisco, New York City, Las Vegas, Seattle, San Jose, Chicago, Boston, San Diego, Honolulu and Anaheim. Different attractions from new destinations could be highly successful among Taiwan tourists, provided that promotion of these activities takes place in gateway cities.

Taiwan visitors to the United States are strongly motivated by shopping (91%), sightseeing in cities (81%), experiencing fine dining (40%), visiting small towns/countryside (26%), visiting art galleries/museums (25%), visiting national parks/monuments (23%), visiting amusement/theme parks (21%), visiting historical locations (19%), joining water sports (15%), visiting cultural and ethnic heritage sites (14%), joining guided tours (14%), joining sporting event (12%), playing casinos/gamble (10%), and joining concert/play/musical (10%). The main sources of information for interested travelers to the United States are airlines (34%), personal recommendations from friends and relatives (28%), travel agency offices (27%), online travel agencies (21%), corporate travel departments (19%), and travel guides (17%).

Taiwan maintains good air connections to major U.S. cities with over 800 weekly flights, among which are nearly 100 direct flights from Taiwan to several U.S. gateway cities. 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. EVA Air inaugurated a non-stop flight to Houston in June 2015.

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 practical to work with Taiwan U.S. receptive operators, which are known by Taiwan travel agencies since they speak Chinese and understand the special needs of their clients.

The My Dream Vacation USA program was an innovative travel and tourism promotion initiated by CS Taiwan to attract more Taiwan tourists to the United States through quarterly theme-based press events. Those events created a platform for over 70 partners including tourism promotional offices, amusement parks, museums, airlines, car rental companies, shopping malls, hotels, and travel agents to promote their destinations and services. The My Dream Vacation USA program is now fully integrated with the Discover America Committee in Taiwan to create a simplified but strengthened program, providing all members an enhanced promotional platform.

Another way to promote American destinations is by participating in travel fairs. The U.S. Commercial Service in Taipei, in cooperation with the Brand USA and Discover America Taiwan Committees, organizes an American Pavilion at the most important travel fair in Taiwan: Taipei International Travel Fair (ITF) from November 4-7, 2016. 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.

Web Resources

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Discover America Committee in Taiwan: www.discoveramerica.org.tw

Brand USA Taiwan Representative Office: www.GoUSA.tw

Tourism Bureau, Ministry of Transportation and Communications: www.taiwan.net.tw

Taipei Tourism Exposition Organizer: www.tata.org.tw

Taipei International Travel Fair Organizer: 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 or visit our website at <http://2016.export.gov/taiwan/>

Unit: USD thousands

	2013	2014	2015	2016 (estimated)
Taiwan Arrivals	384,581	413,048	440,802	455,385
Taiwan Spending (USD Thousands)	1,609,000	1,728,000	1,844,000	1,905,000

Agricultural Sectors

Beef

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Overview

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Domestic beef production generally accounts for less than five percent of the beef consumed in Taiwan, which means Taiwan is reliant on imports. 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. U.S. exports to Taiwan are limited to beef derived from cattle less than 30 months of age due to Bovine Spongiform Encephalopathy (BSE) concerns. Ground beef, internal organs and several items identified as specified risk materials (SRMs) are also ineligible.

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. 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. In CY2015, Taiwan imported a record of \$329 million in beef products from the United States. Despite Taiwan signing free trade agreements with several of its trading partners, which enjoy zero tariffs for their beef exports to Taiwan, the United States is still the leading supplier of beef to Taiwan.

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 Costco, which carries only U.S. beef.

Sub-Sector Best Prospects

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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. Taiwan consumers as well as most of the fine dining establishments prefer U.S. chilled beef due to the quality and taste.

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Taiwan's per capita beef consumption rose 64 percent from 3.14 kilograms in 2004 to 5.16 kilograms in 2014. Even though family eating habits and life-style choices combined to constrain the growth of consumption in Taiwan, the younger generation is showing a growing preference for beef especially families with higher-incomes. The booming Taiwan tourism market also 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>

For other FAS reports, please visit <http://gain.fas.usda.gov/Pages/Default.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

Unit: Metric Tons

	2014	2015	2016 (Estimated)	2017 (Estimated)
Total Market Size	140,611	137,508	147,600	151,800
Total Local Production	6,874	6,900 (est.)	6,800	7,000
Total Exports	548	303	200	200
Total Imports	134,285	130,911	141,000	145,000
Imports from the U.S.	45,455	47,933	50,300	52,000

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

Cheese

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Despite a decline in the overall import value, the import quantity of cheese continued to grow in Taiwan to a record high of 29,264 MT, up 12 % compared to 2014. The decline in imports value resulted from the lower cost of cheeses from the Oceania countries, coupled with currency depreciation throughout the region. The United States holds a market share of 27% while New Zealand's holds the highest market share (30%).

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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 various ways to combine cheese with other, more traditional foods.

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Cheese consumption in the foodservice segment has further growth potential with new applications for mozzarella and cream cheese in 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. Local chefs and consumers would benefit from additional instructions on the wide variety of U.S. cheese products and their applications.

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Taiwan Exporter Guide 2015 (TW15025):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Annual_Taipei_Taiwan_10-15-2015.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

For other information on U.S. dairy exports:

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

Unit: USD thousands

	2014	2015	2016 (est.)	2017 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	747	1,030	760	750

Total Imports	\$135,832	\$131,734	\$130,000	\$132,000
Imports from the U.S.	40,039	36,515	32,800	33,000
Exchange Rate: 1 USD	31.72	33.10	34.0 e	33.8 e

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

Annual totals estimated based on available trade data

Source: Global Trade Atlas (HS code: 0406)

Taiwan's total fisheries (comprising far seas, offshore, coastal, inland fishing, marine culture and inland culture) value in 2015 reached US\$3.5 billion, indicating an increase of 3.26% compared to 2014 with the value of US\$3.39 billion. The total fisheries production in 2015 reached 1,409,807 Metric Tons (MT) representing an increase of 135,525 MT (10.64%) compared with the production of 1,274,282 MT in 2014.

Fishery Production in Taiwan

	2014		2015		Growth Rate %	
	M.T	US\$ million	MT	US\$ million	MT	US\$ million
Far Seas	772,714	1,461	899,035	1,455	16.35%	-0.42%
Offshore	125,021	418	139,929	476	11.92%	13.93%
Coastal	27,566	135	29,408	136	6.68%	0.79%
Inland Fishing	29	-	30	-	3.45%	-33.32%
Marine Culture	31,706	234	29,287	206	-7.63%	-11.85%
Inland Culture	317,246	1,142	312,118	1,227	-1.62%	7.44%
Grand Total	1,274,282	3,389	1,409,807	3,499	10.64%	3.26%

Imported fishery products in 2015 totaled 487,649 MT, valued at US\$1.35 billion, representing an increase of 21,391 MT and an increase of US\$167 million compared to 2014. Exports totaled 794,509 MT, valued at US\$1.87 billion, indicating an increase of 110,968 MT and an increase of US\$26 million compared with 2014. Taiwan's top five seafood suppliers in 2015 were: China, Norway, Vietnam, Chile and Indonesia, respectively. The United States and Canada were Taiwan's 8th and 9th largest seafood suppliers, respectively, in 2015.

Despite gaining market share, the United States is not a leading supplier of seafood to Taiwan since China, and other Southeast Asian countries, can take advantage of regional proximity with lower prices. However, the value of fishery products imported from the United States increased to US\$37.4 million in 2015 compared to US\$35.7 million in 2014. China has been Taiwan's key seafood supplier for decades and its leading position is expected to continue as bilateral trade between Taiwan and China continues to liberalize and expand.

In 2015, shipments of crustaceans and mollusks from various exporting countries, including lobsters and oysters from the United States, were rejected for heavy metal (specifically cadmium), which was higher than Taiwan's established maximum residue level (MRL). This was the first time Taiwan used a different testing standard, and even though U.S. lobster exporters were negatively affected, the value of lobster imported from the United States still reached US\$13.8 million in 2015, only slightly lower than US\$14 billion in 2014.

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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 various seafood products annually. Taiwan consumers are showing a growing interest in high-quality seafood with stated health benefits.

Given their traditional preference for fresh fish and seafood, frozen products must be of the highest quality to meet these new local standards. In addition, despite the lobster's high price, it continues to be served at Taiwan wedding banquets and traditional holiday events. Conducting product promotions, or taste-testing events, would likely enhance consumers' awareness and increase the sales of U.S. seafood to Taiwan.

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Imported seafood items continue to enjoy a niche position 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 expected to grow due to higher incomes and new dietary trends. U.S. fish and seafood products are perceived by Taiwan consumers to be of excellent quality as they are usually featured at high-end restaurants, or five-star hotels, rather than supermarkets or traditional wet markets.

There is a wide variety of U.S. fish and seafood available to Taiwan consumers. Taiwan's concerns over food safety have helped U.S. food products become a top choice for consumers since it's a more reliable product with superior quality. Taiwan consumers are also brand-conscious, and the United States is a leader in setting various food trends.

ATO Taipei strongly recommends U.S. exporters exhibit at the USA Pavilion of the Taipei International Food Show, which is the most influential trade show in the food industry. The show typically occurs in late June every year, and US Pavilion exhibitors will receive on-site consultation services from the ATO Taipei.

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Reports on the Taiwan food and agricultural market are available on the FAS website. The search engine can be found at:

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

ATO Taipei marketing program video clippings:

http://www.youtube.com/user/USFoodTaiwan?ob=0&feature=results_main

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

Unit: USD thousands

	2014	2015	2016 (est.)	2017 (est.)
Total Market Size	\$2,726,953	\$2,978,854	\$3,068,000	\$3,160,000
Total Local Production	3,388,322	3,498,722	3,603,000	3,711,000
Total Exports	1,843,762	1,870,103	1,927,000	1,985,000
Total Imports	1,182,393	1,350,235	1,391,000	1,433,000
Imports from the U.S.	35,739	37,434	39,000	41,000
Exchange Rate: 1 USD	31.72	33.10	34.00(e)	33.80(e)

Source: Global Trade Atlas; Fishery Agency, Taiwan Council of Agriculture; Taiwan Director General of Custom; Foreign Agricultural Service/Global Agricultural Trade System

Fresh Fruit

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Taiwan has one of the world's highest per capita consumption rates of fresh fruit. In 2015, Taiwan imported approximately US\$623 million worth of fresh fruit, a 1.8% increase from the previous year. In Taiwan's fresh fruit import market, the United States remained the largest supplier, accounting for US\$201 million (32% of import market share), followed by New Zealand's US\$157 million (25%), Chile's US\$86 million (13%), Japan's US\$85 million (3%), and South Korea's 21 million (3%).

Top Five Importing Countries (US\$ million)

Country	2014 Import Value	2015 Import Value	2015 Import Market Share
U.S.A	219	201	32%
New Zealand	120	157	25%
Chile	112	86	13%
Japan	68	85	13%
South Korea	20	21	3%
Total	612	623	100%

Taiwan remains one of the top export destinations for fresh fruit from the United States, and Taiwan consumers continue to demand diverse, high-quality agricultural products from the United States, especially fresh fruits. With the consumption of fresh fruits rising due to health trends promoting the consumption of fresh produce, the upward fresh fruit sales is expected to continue for the coming years in Taiwan.

Most fresh produce in Taiwan is sold in supermarkets, hypermarkets, open markets, online and specialty stores. In Taiwan, an estimated 26% of fresh fruits are purchased in modern retail outlets with supermarkets and hypermarkets being the most popular store formats. These retail chains regularly conduct U.S. fruit promotions, offering significantly lower prices than in wet markets in order to draw consumers into their stores. Nevertheless, traditional wet markets continue to account for 50% of total fruit sales while fruit specialty stores (16%) and street vendors (6%) account for the rest of the market share.

Taiwan wholesalers and retailers also prefer U.S. fresh fruit because of its high quality, nutritional brands and profitability. Many Taiwan fruit importers import fruit not only for Taiwan, but also for China. In recent years, non-store retails have been gaining popularity with home shoppers, and TV/internet sales are on the rise for fresh fruit retail sales.

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U.S. exporters have been successful introducing new fruit varieties to the Taiwan market. The best growth opportunities for U.S. suppliers, includes 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 patterns and become more attractively priced.

The United States will continue to be the leading supplying country of fresh fruits, especially in the following product type: apples, peaches, nectarines, grapes, cherries, cranberries, blueberries, oranges, plums, prunes, and pears. In 2015, the total imports from the United States, and their respective import market shares, are detailed below:

Unit: US\$ million

Product	Total Imports	Imports from the U.S.	Import Market Share
Apples (HS 080810)	238	73	30%
Peaches & nectarines (HS 080930)	42	32	76%
Grapes (HS 080610)	54	31	57%
Cherries (HS 080929)	75	30	41%
Cranberries & blueberries (HS 081040)	9.6	4.7	49%
Oranges (HS 080510)	9.5	6.4	67%
Plums and prune plums (HS 080940)	7.8	6.7	77%
Pears (HS 080830)	3.7	2.3	62%

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Buyers in retail stores tend to import products that are already well known in the market. A trend for supermarkets/hypermarkets is to begin importing directly from a consolidator, who can arrange one consolidated shipment for a variety of new and/or already in-the-market products. Furthermore, purchasing managers of these Taiwan retail stores welcome offers with market potential from reputable and reliable U.S. suppliers.

There is a wide variety of U.S. fresh fruits available to Taiwan consumers. Taiwan consumer's concerns over food safety have helped U.S. food products become a top choice for quality and reliable products. Taiwan consumers are brand-conscious, and the United States is a leader in food brands that set trends.

ATO Taipei strongly recommends U.S. exporters exhibit in the USA Pavilion of the Taipei International Food Show, which is the most influential trade show in the food industry in Taiwan, taking place in June every year. The USA Pavilion exhibitors also receive on-site consultation services from the ATO Taipei.

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<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

Unit: USD thousands

	2014	2015	2016 (est.)	2017(est.)
Total Market Size	\$3,467,253	\$3,733,264	\$3,822,000	\$3,937,000
Total Local Production	2,937,518	3,231,747	3,300,000	3,399,000
Total Exports	83,179	122,071	120,000	124,000
Total Imports	612,914	623,588	642,000	662,000
Imports from the U.S.	219,207	201,306	207,000	214,000
Exchange Rate: 1 USD	31.72	33.10	34.00(e)	33.80(e)

Annual totals estimated based on available trade data

Source: Global Trade Atlas; Taiwan Council of Agriculture

Pet Food

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Taiwan's imports of pet food (dog and cat food for retail sale) have more than doubled over the past decade, growing from US\$57 million in 2005 to US\$140 million in 2015. The United States (30.32%) and Thailand (27.14%) are the two major suppliers, followed by France (13.57%), Australia (8.8%) and Canada (7.88%).

Official data on local production of pet food is not available. Domestic production is estimated by local manufacturers to account for approximately 40% of the total pet food market. 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%.

In terms of volume, Thailand is the largest exporter of pet food products to Taiwan. Most of the cheaper products from Thailand are sold in supermarkets and hypermarkets. Premium brands from the United States and other Western countries have been increasing significantly over the past decade after several melamine contamination incidents from previous years. Retail prices for premium pet food products may be more than 10 times over cheaper brands.

Currently, the biggest barrier to entry for U.S. pet food to Taiwan is 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. U.S. exporters are encouraged to pay close attention to the highly pathogenic avian influenza (HPAI) quarantine status in the United States since Taiwan requires additional manufacturing processes for pet food products from HPAI infected areas.

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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 superstores, 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, or developing their own private labels, in order to avoid the higher cost of buying from importers.

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The long-term prospects for U.S. pet food exports to Taiwan points towards more competition, but U.S. products are expected to maintain one-third of the market share. U.S. pet food brands are commonly viewed as high-quality product, 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.

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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>

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

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/downloads/tw_gi_dcf.pdf

Unit: USD thousands

	2014	2015	2016 (Estimated)	2017 (Estimated)
Total Market Size*	NA	NA	NA	NA
Total Local Production*	NA	NA	NA	NA
Total Exports	1,855	2,467	2,300	2,500
Total Imports	124,031	140,323	155,000	162,000
Imports from the U.S.	35,310	42,542	50,000	55,000
Exchange Rate: 1 USD	31.72	33.10	34.00(e)	33.8(e)

* Estimates - Official data for local pet food production is not available.

Source: Directorate General of Customs, Taiwan Ministry of Finance

Pork & Pork Variety Meats

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Taiwan's pork consumption is relatively stable, and local producers supply most of the market (typically around 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 and various European countries to replace the United States as the leading exporters of pork to Taiwan. In fact, Taiwan's combined imports of pork from Denmark, Spain, the Netherlands, and Hungary accounted for over 40% of the total import volume in 2015. The approval of Spanish establishments to export to Taiwan at the end of 2014 further intensified the competition. Taiwan imported 12,142 metric tons (MT) of Spanish pork in 2015 and has already imported 3,000 MT in the first two months of 2016. This trend is expected to continue.

Imports of pork products to Taiwan surged 47.3% in 2015 due to cheap foreign supplies. The average pork unit value from all exporting countries decreased by 18.7%. Therefore, Taiwan's WTO Special Safeguard (SSG) for both pork belly and pork variety meats were triggered in August and September 2015 when total imports of these two categories reached 8,804 and 19,760 MT, respectively.

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Although the Taiwan pork market is dominated by local production, certain variety meats are in high demand and undersupplied. U.S. Boston butt, picnic, trimmings and other U.S. pork variety meats are 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 pork muscle meats and variety meat products to Taiwan, U.S. exporters may find room for market growth.

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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 premium U.S. pork and processed meat brands have entered the Taiwan market and found strong demand in niche food and retail sectors.

Per capita consumption of pork in Taiwan decreased from 40.12 kilograms in 2004 to 34.18 kilograms in 2014, but it is still the major source of protein for Taiwan consumers. Also, with an increase in tourists from China, where pork consumption is extremely high, Taiwan's demand for pork is expected to grow.

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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/Pages/Default.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

Unit: metric tons

	2014	2015	2016 (Estimated)	2017 (Estimated)
Total Market Size	917,829	979,083	962,600	967,600
Total Local Production	815,253	826,000(est.)	815,000	810,000
Total Exports	2,917	2,287	2,400	2,400
Total Imports	105,493	155,370	150,000	160,000
Imports from the U.S.	18,539	22,694	23,000	24,000

Note: Figures for porcine meat are 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

Poultry Meat

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Generally, Taiwan's rate of self-sufficiency for poultry products is over 80%. The United States and Canada are the two major poultry product suppliers to Taiwan, with the United States accounting for over 80% of the import market over the past several years. Total chicken imports in 2015 hit a record high, in terms of volume, due to low U.S. poultry prices.

Taiwan's WTO Special Safeguard (SSG) for chicken wings and legs was triggered early in July 2015 when total imports of these products reached 116,499 metric tons (MT). The 2016 SSG trigger of this category is 153,558 MT, which is close to the estimated import volume.

Highly pathogenic avian influenza (HPAI), which has been found in Canada and in the Western and Midwestern parts of the United States, has caused severe trade restrictions for poultry products. In February 2016, Taiwan's Council of Agriculture (COA) lifted the ban of poultry exports from 14 states, which were announced HPAI-free. The ban removal allows various Taiwan importers to restock their turkey inventory since several of these states are major turkey suppliers.

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Taiwan consumers prefer dark meat over breast meat, so the top import items are poultry thighs, legs and 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 the importers needs regarding cut and packaging specifications. Imported poultry has gained market acceptance in processed food, catering and food service channels. Meanwhile, the retail market has also been changing due to better defrosting technology and an increasing consumer acceptance for frozen and thawed poultry.

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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 is added. While the United States is the major supplier to Taiwan, the strong potential for greater competition over the next few years should encourage U.S. suppliers to increase their service and responsiveness to Taiwan importers in order to maintain market share if the market opens to other countries.

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/Pages/Default.aspx>

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Unit: metric tons

	2014	2015	2016 (Estimated)	2017 (Estimated)
Total Market Size	789,332	820,302	812,500	821,800
Total Local Production	650,860	640,446(est.)	650,500	660,000
Total Exports	4,837	2,760	3,000	3,200
Total Imports	143,309	182,616	165,000	165,000
Imports from the U.S.	119,733	168,315	150,000	150,000

Source: Council of Agriculture, Taiwan Directorate General of Customs

Taiwan's expansion of production facilities in the food processing and ingredients industry presents robust opportunities for U.S. exporters of ready-to-use processed foods and high-value ingredients to Taiwan. Even though Taiwan's food processing and ingredient's industry is extremely competitive, there are still great opportunities for U.S. exporters. Furthermore, the United States continues to be the leading exporter of processed foods and ingredients to Taiwan, and U.S. exports of high-value processed food products to Taiwan reached US\$729 million in 2015, representing more than 15% of the total import market share. The United States is expected to maintain its leading position in terms of import market share, and the upward trend of total import value in Taiwan is expected to continue for the next several years. Other importing countries include: United Kingdom with US\$389 million and 8.03% of the import market share, Japan with US\$364 million (7.51%), France with US\$346 million (7.14%), Thailand with US\$337 million (6.96%), China with US\$319 million (6.58%), New Zealand with US\$308 million (6.36%), and Malaysia with US\$260 million (5.37%).

Top 8 Importing Countries (US\$ million)

Rank	Country	2014 Import Value	2015 Import Value	2015 Import Market Share
1	USA	689	729	15.04%
2	United Kingdom	415	389	8.03%
3	Japan	365	364	7.51%
4	France	339	346	7.14%
5	Thailand	338	337	6.96%
6	China	297	319	6.58%
7	New Zealand	406	308	6.36%
8	Malaysia	282	260	5.37%
Total		4,894	4,848	100%

Ready-to-use processed foods and ingredients are scattered among various HS Codes and categories, and the key items include: chocolate & confectionery, condiments & sauces, fats & oils, food preparations, non-alcoholic beverages, pasta & processed cereals, prepared/preserved meats, prepared/preserved seafood, processed fruit, processed vegetables & pulses, processed/prepared dairy products, snack foods, soups, spices and syrups & sweeteners.

The total import values of Taiwan's major ready-to-use processed foods/ingredients and their respective U.S. import market shares in 2015 are listed below:

<u>Item</u>	<u>Total Import Value (US\$ million)</u>	<u>U.S. Import Market Share</u>
Chocolate & confectionery	169	18.37%
Condiments & sauces	103	17.53%

Fats & oils	321	03.26%
Food preparations	1,077	28.08%
Non-alcoholic beverages	252	13.62%
Pasta & processed cereals	79	13.14%
Prepared/preserved meats	40	34.16%
Prepared/preserved seafood	597	03.44%
Processed fruit	107	27.78%
Processed vegetables & pulses	175	38.29%
Processed/prepared dairy products	469	10.14%
Snack foods	207	30.79%
Soups	15	30.61%
Spices	80	01.48%
Syrups & sweeteners	63	06.13%

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The United States is the leading exporter of food processing and ingredients to Taiwan. 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. In summary, food preparations (wheat flours, cereal flours, cereal grains, starches and gluten), prepared/preserved seafood, processed/prepared dairy products, fats and oils, and snack foods are the top five sub-sectors with the highest import values in 2015.

U.S. suppliers of processed ingredients including sauces and condiments, food preparations, processed dairy products, and processed/preserved fruits and vegetables will find increased sales potential both in Taiwan's food processing and food service industries.

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Opportunities exist to expand U.S. ready-to-use processed foods and ingredients for Taiwan's food processing sector. Given Taiwan's current size and population, Taiwan will continue the trend of looking overseas for products, and the United States is in a prime position to continue to fill those needs.

Key market drivers include: an increasing interest in healthy and functional foods, an aging population, and health conscious consumers that have forced food processors in Taiwan to put more effort into product innovation, food safety and convenience. The typical Taiwan importers/agents usually have several interests rather than a single product line. In order to meet the Taiwan consumers' increasing demand to try new products, importers constantly keep seeking for new products; especially, new-to-market products and new brands of certain products. For new products, it is important that they are supported by advertising and promotional material to generate brand awareness.

Many U.S. food ingredients and products have a competitive edge over goods from other countries, mainly due to the almost universal acceptance and trust in U.S. raw

materials and ingredients. Taiwan consumers' favorable preference over U.S. ingredients and food materials is a tremendous advantage for U.S. exporters who are seeking to develop a market in Taiwan. Taiwan's continued modernization makes Taiwan an extremely attractive market for U.S. exporters. It is also a safer market to penetrate for companies interested in exporting goods to China; especially, in the ready-to-use processed foods/ingredients sector.

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Reports on the Taiwan food and agricultural market are available on the FAS website. The search engine can be found at:
<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

ATO Taipei marketing program video clippings:
http://www.youtube.com/user/USFoodTaiwan?ob=0&feature=results_main

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

Unit: USD thousands

	2014	2015	2016 (est.)	2017(est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	N/A	NA
Total Exports	\$1,786,176	\$1,840,956	\$1,895,000	1,951,000
Total Imports	4,894,767	4,848,518	4,993,000	5,142,000
Imports from the U.S.	689,677	729,438	750,000	772,000
Exchange Rate: 1 USD	31.72	33.10	34.00(e)	33.80(e)

*Annual totals estimated based on available trade data
 Source: Global Trade Atlas, Taiwan Council of Agriculture

Softwood and Treated Lumber

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Taiwan has banned all logging of "natural" timber stands (whether virgin or re-growth) other than commercial thinning approved by authorities; hence, the market relies heavily on imports (over 99%) for all sorts 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 CY2015 fell to a five-year low of US\$33.9 million. The huge decline in sales of U.S. softwood products resulted mostly from lower Canadian wood prices and concerns of product applications after Taiwan's Environmental Protection Administration's (EPA) banned chromated copper arsenate (CCA), which is a wood preservative commonly used in several countries (the United States and Taiwan) for marine and outdoor applications.

Of the products in this category, Southern Yellow Pine (SYP) and Douglas Fir account for most of the export volume and value, making up more than half of the total softwood and treated lumber exports to Taiwan. U.S. SYP products are extremely popular and have many applications in Taiwan such as flooring, decks, fences, marinas, sidings, patio and paths along mountain trails. Exports of untreated U.S. SYP products to Taiwan increased over the past decade due to unpredictable prices for treated lumber products. Douglas Fir ranked second among U.S. softwood lumber exports to Taiwan, generating US\$6.7 million in export sales in CY2015, according to the U.S. Census Bureau Trade Data.

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Most of the U.S. softwood products exported to Taiwan are for non-structural applications. However, opportunities for structural and treated lumber, structural panels and engineered wood products in the residential and non-residential construction sectors are gradually expanding thanks to U.S. industry efforts to change Taiwan's building codes and product standards. These are increasingly important as Taiwan moves toward modernization of construction sectors and permit development of large-scale wooden projects.

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. However, the Ministry's building research institute reviewed all sectors of the building codes related to wooden construction and is currently expected to propose an amendment in response to the industry's request for better integrated building codes. 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 projects. 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 also requiring the use of wood-only structured designs.

In addition, the U.S. industry experienced some success in its code revision progress over the past few years. A number of efforts are being undertaken by Taiwan authorities to demonstrate the benefits of using green building materials, and the Ministry of Interior's March 2012 announcement to increase the use of these materials from 30 to 45% has become a major focus of Taiwan's construction industry. According to the amended regulation, builders are now expected 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. The announcement also included a new regulation that 10% of all materials used in outdoor construction projects, such as decks and patios, must be green as well. These regulations are expected to significantly help U.S. exports.

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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 should spur interest in high-end engineered wood products such as structural glulam and oriented strand board -- categories in which U.S. suppliers have particular expertise and competitive advantages.

Major importers in Taiwan recently discovered a new opportunity for U.S. engineered wood products. Moldboard used in construction sites, which are traditionally made of tropical hardwood, can be produced using U.S. laminated veneer lumber, plywood and oriented strand board (OSB). As a result, several furniture manufacturers replaced tropical plywood with OSB due to better quality and more reliable prices. However, Canadian OSB products are preferred due to better packaging, light-colored tree species and lower transportation costs as Canadian OSB mills are closer to ports with better access to Asian markets.

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For other FAS reports, please visit <http://gain.fas.usda.gov/Pages/Default.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

Unit: Cubic Meters

	2014	2015	2016 (Estimated)	2017 (Estimated)

Total Market Size	948,962	998,468	987,000	1,012,000
Total Local Production	51,361	29,869	30,000	35,000
Total Exports	8,216	3,052	3,000	3,000
Total Imports	905,817	971,651	960,000	980,000
Imports from the U.S.	195,954	120,247	160,000	180,000

Source: Council on Agriculture, Taiwan Directorate General of Custom

Tree Nuts

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Taiwan imports of tree nuts continued to grow in 2015 and reached another record high of US\$146 million. The increase is partly the result of higher prices but also reflects an increasing demand from the food processing sector, particularly for mixed nut snacks and powdered drinks.

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Taiwan does not produce any tree nuts. Among the many types of tree nuts, almonds are considered the most versatile. U.S. origin almonds account for more than 80% of market share. A variety of almond products, such as powder, paste, and slices, are widely available in the local market and popular with the baking community.

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Tree nuts are mostly used for snacks and food ingredients. Through the push of brand makers, the consumer awareness of specific tree nut varieties will speed up quickly and create a ripple effect throughout the foodservice and baking industries. In the past, cashews were the mainstream variety yet almonds have replaced them as the most popular tree nut due to the increased media coverage of its high amino acid content. The industry is constantly looking for new ideas of healthy snack food products. One recent success is the healthy powdered tree nut drink that features multiple combinations of tree nuts in pocket-size packaging. The United States has built its image as a high-quality supplier in the nut trade. Country-of-origin is a key buying criteria for Taiwan importers since it assures consistent quality.

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Taiwan Exporter Guide 2014 (TW14021):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_5-5-2014.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

Unit: USD thousands

	2014	2015	2016 (est.)	2017 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	989	1,361	1,500	1,575
Total Imports	131,199	146,390	139,070	148,805
Imports from the U.S.	73,958	84,168	80,000	85,000
Exchange Rate: 1 USD	31.72	33.10	34.0 e	33.8 e

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

Annual totals estimated based on available trade data

Source: Global Trade Atlas (HS code: 0802, 080132)

Wine & Spirits

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Taiwan imports of wine and spirits in 2015 maintained a steady level of US\$693 million. Despite the forecast of a decline in 2016, due to an expected sluggish economy, there is still growth potential for high-end whiskey. The top three foreign suppliers of spirits in terms of market share are United Kingdom (68%), France (25%), and Japan (4%).

In terms of product mix, whiskey retained the largest market share of 55%, by value in 2015. Taiwan imports of whiskey remained at \$538 million in 2015 while wine accounted for only 22%, by value.

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The consumer profile of wine drinkers in Taiwan 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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U.S. bourbon has great potential in this market but requires an aggressive campaign push to make an impact against the popular single malt Scotch. UK suppliers have successfully held over 95% of the market share for many years. Long-term educational and promotional efforts by UK experts have translated into an established, consumer preference for single malt Scotch. Many consumers consider Scotch a status symbol, and it 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 educational 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 2014 (TW14021):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_5-5-2014.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

For other information on California wine exports:
California Wine Institute: <http://www.wineinstitute.org/>

Wine	Unit: USD thousands			
	2014	2015	2016 (est.)	2017 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	\$327	\$263	\$250	\$230
Total Imports	146,724	154,987	147,000	157,000
Imports from the U.S.	12,990	14,252	13,800	14,900
Exchange Rate: 1 USD	31.72	33.10	34.0 e	33.8 e

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

Annual totals estimated based on available trade data

Source: Global Trade Atlas (HS code: 2204)

Spirits & Others	Unit: USD thousands			
	2014	2015	2016 (est.)	2017 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	26,570	22,132	21,000	20,000
Total Imports	537,162	537,583	520,000	535,600
Imports from the U.S.	2,358	2,996	3,250	3,440
Exchange Rate: 1 USD	31.72	33.10	34.0 e	33.8 e

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

Annual totals estimated based on available trade data

Source: Global Trade Atlas (HS code: 2208)

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