



AMERICAN INSTITUTE IN TAIWAN

COMMERCIAL SECTION

Doing Business in Taiwan: 2013 Commercial Guide for U.S. Companies

**INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE, U.S.
DEPARTMENT OF STATE and the AMERICAN INSTITUTE in TAIWAN 2013. ALL RIGHTS
RESERVED OUTSIDE OF THE UNITED STATES.**

- [Chapter 1: Doing Business In Taiwan](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations, Customs and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

Chapter 1: Doing Business in Taiwan

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)
- [Market Fact Sheet link](#)

Market Overview

[Return to top](#)

- 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 2012, Taiwan was ranked as the United States' 11th largest trading partner in goods, placing it ahead of markets such as India and Italy. It was also the 16th largest U.S. export market overall and the seventh largest export market for agricultural products. In 2012, Taiwan was the sixth largest source of foreign students pursuing higher education in the United States.
- Taiwan was the world's fourth-largest holder of foreign exchange reserves in 2012, with over US\$403 billion. In 2012, the Taiwan economy registered 1.3% GDP growth. Slightly stronger growth is forecast in 2013. Unemployment has decreased to just above 4%.
- In 2013, Taiwan exports to emerging markets, especially in East Asia, will continue to increase while exports to advanced economies are expected to remain flat. Continuous innovation of high-tech products should boost Taiwan export shipments of locally made information and communication technology items. The completion of the two-year phase-in period for tariff reductions under the early harvest provisions of the Economic Cooperation Framework Agreement (ECFA) helped some of Taiwan's exports to mainland China, but the recent slowdown in China's growth has negatively affected Taiwan's exports. Local private consumption has remained flat due to flat or declining wages. Real estate sales in several areas, especially the southern city of Kaohsiung, are showing significant growth. Improved economic ties with mainland China are expected to ease current cross-Strait and investment restrictions and encourage more foreign investments in Taiwan. Forecasts for the economic growth in 2013 have been revised downward to 2.4%.
- Total Taiwan exports decreased by 2% to US\$301 billion in 2012 and imports declined 4% to US\$270 billion. China (including Hong Kong) is Taiwan's largest trading partner, accounting for 28.37% of total trade and 16.1% of Taiwan's imports in 2012. Japan follows with 11.62% of total trade, including 17.6% of Taiwan's imports. The United States is Taiwan's third-largest trading partner, importing 9.9% of Taiwan's exports while U.S. exports comprise 8.7% of Taiwan's imports.

Market Challenges

[Return to top](#)

- Taiwan is a sophisticated consumer market in which Taiwan consumers are plugged into global consumer trends. American 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. 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.

Market Opportunities

[Return to top](#)

- On November 1, 2012, Taiwan became the 37th economy to enter the U.S. Visa Waiver (VWP) program. U.S. VWP enables Taiwan leisure and business travelers to enter the United States for up to 90 days without a visa once they have received authorization through the Electronic System for Travel Authorization (ESTA). U.S. VWP has substantially increased bilateral goodwill between the United States and Taiwan, and it is expected to result in an increase in the number of Taiwan travelers that visit the United States each year.
- Officials and representatives from the United States and Taiwan held a Trade and Investment Framework Agreement (TIFA) Council meeting in March 2013, the first since 2007. In 2012, Taiwan implemented new legislation that helped to re-open the Taiwan market to U.S. beef, thereby paving the way for the resumption of TIFA meetings. As a result of the TIFA talks, both sides issued joint statements on investment principles and information and technology (ICT) services, and agreed to establish working groups on investment and technical barriers to trade.
- Taiwan passed an amendment to the Trade Secrets Act that closes loopholes on the definition of trade secrets and increases criminal penalties for those who steal trade secrets. This development reflected Taiwan's continued attention to the importance of intellectual property protection for maintaining economic development and competitiveness.
- Taiwan's accession to the World Trade Organization (WTO) in 2002 and the WTO Government Procurement Agreement in 2009 led to the further dismantling

of non-tariff barriers and a general lowering of the remaining tariffs. These actions further enhanced U.S. opportunities in this market, including exports of high-value-added components and other inputs for high-tech manufacturing (e.g., petrochemical products and electronic production and test equipment), food and other agricultural products, and “American lifestyle” goods and services sought by Taiwan’s affluent population from luxury consumer goods to healthcare products.

- Taiwan’s imports are dominated by raw materials and capital goods, which account for more than 90% of total imports. The best prospects for U.S. exports include a wide variety of electronic, optical and precision instruments, chemicals, information and communications products, transportation equipment, machinery, and electrical products. With few natural resources and in order for Taiwan to meet its energy needs, coal, oil and gas are increasingly presenting good export opportunities for American companies. Taiwan’s high-tech sector relies heavily on technology licenses and imports of specialty components from the United States.

Market Entry Strategy

[Return to top](#)

- Most new-to-market exporters entering Taiwan begin by finding a local partner to serve as an agent, distributor, and/or representative. Agents are the most common partnerships used by foreign firms to gain their initial foothold in Taiwan. The vast majority of Taiwan firms are small and medium sized enterprises (SMEs). They are active in trading and manufacturing and offer a large pool of prospective trade partners that can capably represent U.S. companies in Taiwan.
- Taiwan’s banking and international remittance systems are well developed, and there are no foreign exchange regulations that would significantly hamper a U.S. exporter from receiving payment for goods shipped and services provided. Irrevocable letters of credit are widely used and “L/Cs” from leading Taiwan financial institutions are usually confirmed by U.S. banks.

Market Fact Sheet Link

[Return to top](#)

Market Fact Sheet:

<http://export.gov/taiwan/doingbusinessintaiwan/standardreportsonthetaiwanmarket/index.asp>

[Return to table of contents](#)

[Return to table of contents](#)

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>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

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://www.export.gov/taiwan>

The first step is to identify the most appropriate service for the U.S. company and the local U.S. Department of Commerce office called the U.S. Export Assistance Center can be of assistance. A comprehensive list of U.S. Export Assistance Centers (USEAC) 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 what AIT Commercial Section services are the best fit for the U.S. exporter.

Establishing an Office

[Return to top](#)

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)

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

[Return to top](#)

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.

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

[Return to top](#)

Online shopping and TV shopping have become popular retail sales channels in Taiwan. Business to consumer (B2C) online shopping is expanding robustly, growing from US\$8.36 billion in 2011 to US\$9.99 billion in 2012, according to the Market Intelligence & Consulting Institute (MIC) under the semi-official Institute for Information Industry (III). 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. In 2012, TV shopping in Taiwan reached about US\$2.0 billion in revenue sales.

Multi-level marketing has become a popular second job in Taiwan, which is ranked ninth in the world in terms of multi-level marketing sales volume. Recent figures indicate that there are more than five million people, out of a total population of about 23 million, working for multi-level sales businesses in Taiwan, which specialize primarily in healthcare, skin care products, and household items.

Joint Ventures/Licensing

[Return to top](#)

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

[Return to top](#)

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 2012, foreign firms won 450 contracts under GPA worth a total of US\$3.4 billion. U.S. firms won 189 contracts with a

total value of US\$430 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://export.gov/taiwan/taiwangpaopportunitiesforu.s.exporters/index.asp>

Distribution and Sales Channels

[Return to top](#)

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. They also serve as the island's major distribution centers.

Selling Factors/Techniques

[Return to top](#)

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 the Chinese language (traditional Chinese characters) are required when selling products in the Taiwan market. Detailed information about labeling is available in Chapter 7 of this report.

Electronic Commerce

[Return to top](#)

Taiwan's Internet infrastructure is well developed and fully capable of supporting the development of electronic commerce, although relevant policies are still evolving. Over 95% of Taiwan's companies have corporate networks and a network infrastructure, and 6.7 million or 83.2% of households have access to the Internet. According to the Taiwan Institute for Information Industry, Taiwan's e-commerce B2C market value's compound annual growth rate (CAGR) is expected to grow from US\$10.75 billion in 2011 to US\$15.07 billion in 2013.

In November 2001, the Electronic Signature Law was promulgated, which adopts the principles of the U.N. Commission on International Trade Law's Model Law on Electronic Commerce and recognizes the legal validity of electronic contracts, records, and signatures. To address the issue of identity theft, Taiwan passed the Computer-Processed Personal Data Protection Act in 2005.

Taiwan is not advocating for a permanent moratorium on taxation of internet transactions, an issue that the U.S. supports within the APEC framework. The Ministry of Finance imposes business taxes on internet vendors who sell products for profit and have monthly sales over NT\$60,000 (approximately US\$1,850).

Trade Promotion and Advertising

[Return to top](#)

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. Many include a significant number of foreign exhibitors.

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

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

Taiwan's advertising sector is comparable to that of other developed economies and covers a wide range of media. The Cable, Radio and Television Act governs television advertising. All commercials must be pre-approved by the relevant official department(s). Reference to associated laws and other official departments is also necessary to understand the full picture with regard to the Do's and Dont's 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 in which we introduce Taiwan buyers to U.S. exhibitors at these shows. For further details, please see the AIT Commercial Section website: <http://export.gov/taiwan>

Pricing

[Return to top](#)

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

A 5% value-added tax (VAT) of the sales amount is imposed on nearly all products and services sold in Taiwan. Imports are subject to VAT calculated on the landed price, including duties and commodity taxes on certain products. Products including rubber tires, cement, non-alcoholic beverages, oil and gas, certain electrical appliances, flat glass, and motor vehicles are subject to commodity taxes that range from 8% to 50% ad valorem or other specific basis. In addition to customs duties, all imports are assessed a commercial harbor service charge, which is based on cargo weight and net ship tonnage.

Sales Service/Customer Support

[Return to top](#)

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

Protecting Your Intellectual Property

[Return to top](#)

Protecting Your Intellectual Property in Taiwan:

Several general principles are important for the effective management of intellectual property ("IP") rights in Taiwan. First, it is important to have an overall strategy to protect IP. Second, IP is protected differently in Taiwan than in the United States. Third, rights must be registered and enforced in Taiwan under local laws. U.S. trademarks and patent registrations are not protected 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 on the

national laws of that economy. However, most economies offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, therefore U.S. companies should consider applying for trademark and patent protection even before selling their products or services in the Taiwan market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Taiwan. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Taiwan law. AIT Commercial Section can provide a list of local lawyers upon request.

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

While the American Institute in Taiwan 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 U.S. Government or the American Institute in Taiwan 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 or AIT's advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of the partner and provide them with clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. However, U.S. companies should carefully consider whether to permit the partner to register their IP rights on their behalf. Doing so may create a risk that their partner will list itself as the IP owner and fail to transfer the rights should the partnership end. It is advisable to establish the most favorable cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Taiwan require constant attention. Companies should engage 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 and U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)

- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

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

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows companies to register for Webinars on protecting IP.

Due Diligence

[Return to top](#)

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.

AIT Commercial Section offers the International Company Profile (ICP) service to help U.S. firms with due diligence in Taiwan. For further details, please visit <http://export.gov/taiwan/servicesforu.s.companies/index.asp>

Local Professional Services

[Return to top](#)

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, 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>

Web Resources

[Return to top](#)

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

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

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

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

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

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

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

[Return to table of contents](#)

[Return to table of contents](#)

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

Commercial Sectors (listed in alphabetical order)

- [Books](#)
- [Computer Services and Software](#)
- [Education Services](#)
- [Electric Power Equipment](#)
- [Electronic Components](#)
- [Electronics Industry Production/Test Equipment](#)
- [Pleasure Boats](#)
- [Pollution Control Equipment](#)
- [Safety and Security Products and Services](#)
- [Telecommunications Equipment](#)
- [Travel and Tourism](#)

Agricultural Sectors (listed in alphabetical order)

- [Beef](#)
- [Cheese](#)
- [Chocolate and Other Candies \(excluding chewing gum\)](#)
- [Fish and Seafood Products](#)
- [Fresh Fruits](#)
- [Pet Food](#)
- [Pork and Pork Variety Meets](#)
- [Poultry Meat](#)
- [Ready to Use Processed Foods/Ingredients](#)
- [Softwood and Treated Lumber](#)
- [Tree Nuts](#)
- [Wine and Spirits](#)

Books (Bok)

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	\$1,317,000	\$1,286,000	\$1,248,000	\$1,213,000
Total Local Production	1,321,000	1,288,000	1,249,000	1,211,000
Total Exports	143,000	138,000	134,000	126,000
Total Imports	139,000	136,000	133,000	128,000
Imports from the U.S.	37,200	36,000	35,000	34,000
Exchange Rate: 1 USD	30.00	29.50	29.50	29.50

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.: Unofficial estimates

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

Taiwan's traditional paper book market has continued to decrease at an annual rate of three percent from US\$1.317 billion in 2011 to US\$1.286 billion in 2012. The increasing availability of e-content viewable on a variety of electronic devices such as e-book readers, computers, tablets and smart phones has been well adopted by local readers, which has further weakened the market demand for paper books. In addition, local schools and libraries have increased their purchases of digital content including academic data bases and e-book libraries to decrease the collection of paper books in recent years. Taiwan's overall book market can be divided into: (a) trade books which account for approximately US\$700 million in sales and (b) educational and academic books which account for about US\$600 million.

In 2012, Taiwan imported US\$136 million worth of paper publications, representing a decrease of 3% from the previous year. The U.S. remains one of the largest suppliers of imported paper publications in Taiwan with a 25-30% market share of US\$36 million in 2012, of which US\$32 million was printed books and US\$1 million was periodicals and journals.

For over a decade, the U.S. has been the leading supplier of licensed titles dominating about 40-50% of the Taiwan market. Over 50% of the translated books in the Taiwan market are English-to-Chinese translations while simplified to traditional Chinese and Japanese to traditional Chinese account for 25% and 17% respectively. As a leading source of translated books in Taiwan, American publishers introduce some 3,000 titles per year to be translated in Taiwan, accounting for about 40% of the total local translated book market. To maintain their leadership position, U.S. publishers should continue focusing on foreign right sales of bestsellers, award winning titles, business and management, children's books, novels, self-help, life-style and educational books.

The strong demand for U.S. books comprises translated novels, business and management books, self-help, lifestyle, children's books and educational books for pre-k through 12th grade and higher education. Children's fiction, non-fiction, and learning books are sought after by parents, teachers, children and elementary schools. Purchases of educational and academic books by libraries and higher education institutions comprise a significant portion of book sales in Taiwan.

Sub-Sector Best Prospects

[Return to top](#)

- Academic/educational books for higher education
- Children's books
- Pre-K through 12th grade school books
- Novels for adults and young readers
- Non-fiction books for self-help, business, management, health, and life-style

Opportunities

[Return to top](#)

Taiwan's publishing sector is a network of a large number of small- to medium-sized enterprises that are active in publishing as well as in the business of dealing copyrights. With the continued and stable development of trade across the Taiwan Straits, more and more Taiwan publishers, importers and literary agencies have expanded their operations and business into the Mainland Chinese market which is one of the fastest growing book markets in the world. Taiwan holds a pool of prospective book publishers, agencies, distributors or representatives capable to represent U.S. publishers and authors in Chinese speaking markets. It is easier for Taiwan publishers to penetrate the publishing market in Mainland China than for U.S. publishers to attempt it alone in overcoming the linguistic and cultural barriers. U.S. companies interested in selling books to Chinese speaking markets may consider partnering with Taiwan companies before tapping into business expansion in both the lucrative Taiwan and Mainland China markets.

AIT's Commercial Section will host its sixth U.S.A. Pavilion at the 2014 Taipei International Book Exhibition (TIBE) February 5-10, 2014. TIBE, the largest book fair in the region, attracted over eight hundred exhibitors and over half-million visitors from some 50 countries in 2012 and 2013 respectively. It is an important venue for U.S. publishers, authors, literary agencies and content providers to develop market potential and expand existing business in Taiwan and Chinese speaking markets. For 2014, the U.S.A. Pavilion will feature trade books, children's books, educational books, digital data bases, e-Journals and on-line publishing platforms and title right promotion for U.S. publishers looking for Taiwan partners and potential buyers.

Web Resources

[Return to top](#)

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

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

Taipei Book Fair Foundation: <http://www.taipeibookfair.org>

Taipei International Book Exhibition: <http://www.tibe.org.tw>

U.S. firms wishing to learn more about the book market and expanding U.S. export opportunities to Taiwan at the trade show mentioned above are encouraged to contact AIT Commercial Section Commercial Specialist Menny Chen at Menny.Chen@trade.gov or visit <http://export.gov/taiwan>

Computer Services and Software (CSV/CSF)

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	\$5,667,100	\$6,242,340	\$6,367,190	\$6,513,630
Total Local Production	4,818,400	5,347,730	5,454,690	5,580,140
Total Exports	1,058,200	1,152,100	1,175,140	1,202,170
Total Imports	1,906,900	2,046,710	2,087,650	2,135,660
Imports from the U.S.	1,530,000	1,729,320	1,763,900	1,804,476
Exchange Rate: 1 USD	30.0	29.5	29.5(e)	29.5(e)

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Research Report of Information Industry Institute, MOEA

Total Imports: Report of Information Industry Institute, MOEA

Imports from U.S.: Unofficial estimates

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

Taiwan's computer services and software market relies heavily on imports, and 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. Increasing numbers of U.S. computer service providers are partnering with local IT service providers to better manage time to market and customization issues. Marketplace success depends largely on product localization into traditional Chinese characters which are used in Taiwan, business practice customization, and flexible pricing policies. Despite increased competition from local and third-country suppliers, U.S. market dominance is expected to continue into the foreseeable future.

Sub-Sector Best Prospects

[Return to top](#)

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

U.S. software producers have advanced capability and experience in large-scale and mission-critical software solutions used in high-tech manufacturing and finance. These applications also include data storage requirements and custom-designed business intelligence features. The demand for business applications for small- and medium-sized enterprises is also increasing. The rising popularity of online services such as games, shopping, music, and video has stimulated strong market demand for networking services. U.S. content providers and platform developers have many opportunities to work with domestic service providers. As firms integrate Taiwan into their Mainland China operations, 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 computing and mobile computing as the most promising sectors within Taiwan's computer software and service industries. U.S. companies specialized in these areas will find great opportunities in the Taiwan market.

Taiwan's Executive Yuan passed the Personal Data Protection Law in April 2011, which will impact 1.23 million corporations, including internet companies and the 23 million people of Taiwan. The revised version of this law was passed in October 2011, and it went into force in 2012. Since the fine under the Personal Data Protection Law could be as high as US\$6.6 million, the public and private sectors will need to re-examine data collection, use, transfer, storage, treatment to destruction process, and enhance the authentication of electronic signatures and data encryption awareness and practices. Many local software companies are seizing this opportunity to promote their software security products, and software importers are searching for U.S. products to fill in different platforms. By 2015, the estimated Taiwan system infrastructure software market could reach US\$338 million.

The Taiwan Authorities are planning to invest US\$237 million to build up 10 clouds in the coming years starting from September 2012. The cloud platform will be supported by both domestic and foreign hardware, software providers, mobile carriers and data center providers. The programmed 10 clouds include police cloud, food cloud, health cloud, environmental data cloud, agriculture cloud, transportation cloud, graphic data cloud, disaster rescue cloud, education cloud and culture clouds. The food cloud, health cloud and graphic data cloud were implemented in 2012, followed by the environment cloud in early 2013. The education and disaster rescue clouds are scheduled as the next projects. The Taiwan authorities encourage both local and foreign suppliers to participate in the cloud platform for testing and modification of their cloud programs.

Attending trade shows is one of the most effective ways to create international sales opportunities. Computex Taipei is one of the largest computer trade events in Asia and is the second largest in the world. It is the exhibition with the largest number of international buyers (35,000). More than 1,800 exhibitors are participating in the show from across the world to showcase their latest products and services. Computex will be held from June 4 to 8, 2013 in Taipei, Taiwan. AIT Commercial Section will have a U.S. pavilion at the show to support the American exhibitors. Detailed information is available on the website: <http://www.computextaipei.com.tw/>

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

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

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

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 AIT Commercial Section Commercial Specialist Rita Chen at Rita.Chen@trade.gov or visit the website <http://export.gov/taiwan>

Education Services (EDS)

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Number of Taiwan Students Studying in the U.S.	24,818	23,250	24,000	24,100
Total Number of U.S. Student Visas Issued to Taiwan Students	16,023	15,966	16,000	16,100
Financial Contribution of Taiwan Students to the U.S. Economy	\$657,000	\$655,000	\$656,000	\$670,000
Exchange Rate: 1 USD	30.0	29.50	29.50 (e)	29.05 (e)

Data Sources:

- 1) Taiwan Ministry of Education, Bureau of International Cultural and Educational Relations
- 2) IIE Open doors 2012 Report
- 3) Exchange rates are rounded from rates provided by Central Bank of China

According to IIE Open Doors 2012 data, Taiwan was the sixth leading origin of foreign students studying in the U.S., with 23,250 students enrolled in U.S. institutions. The U.S. remains the number one international destination for Taiwan students that pursue foreign studies, with 51.6% of the students studying at the graduate level, 25.8% at the undergraduate level, 14.5% at Optional Practical Training (OPT), and 8% in other non-degree programs. AIT's Consular Section issued a total of 11,067 new F1 student visas and 4,899 J1 exchange visas in 2012.

Taiwan is a stable and mature market for U.S. institutions. Domestic supply of higher education has also reached a saturation point. 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. In recent years, career development programs or degree programs with work or internship components are becoming increasingly popular. The market for Taiwan students is very competitive. Traditionally, the major competitor recruiters are from English-speaking countries such as the United Kingdom, Australia, Canada and New Zealand. In recent years, neighboring countries in Asia like China, Japan and Singapore have stepped up efforts in recruiting top notch Taiwan students by offering scholarships or job incentives.

The U.S. still leads in attracting Taiwan students as it offers the best quality education and most choices. U.S. schools should pursue deeper partnerships with Taiwan institutions for student exchanges or dual degree programs. Engaging with student recruitment agencies and reaching out to potential students through fairs and social media are all recommended strategies.

As Taiwan's economy matures, professional certification has become increasingly important and people are more eager to spend their resources obtaining professional certificates or degrees that will add value to their professional development. Pathway programs and conditional admission programs are also well-received in this market as more and more students shun away from taking TOEFL or IELTS tests.

Another market segment that continues to grow is programs that contain work or internship components. In recent years, the demand for Work Holiday programs has experienced steady growth. According to Taiwan's Ministry of Foreign Affairs (MOFA), the number of applicants for Work Holiday programs increased fivefold in four years, and in 2012 a total of 19,200 people went abroad for Work Holiday programs, mainly to Australia. Even though the U.S. does not offer Work Holiday visas, it is advisable for U.S. schools to design programs that will contain high quality work experiences for students.

Sub-Sector Best Prospects

[Return to top](#)

- Degree programs in business, engineering, life sciences, computer sciences, healthcare, education and arts
- Programs containing work or internship component
- Pathway programs
- Professional certificate or diploma programs
- Joint degree programs with local universities

Opportunities

[Return to top](#)

Developing partnerships 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.

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

Participation in education fairs is also an 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 who visit the fairs. Taiwan's major education fairs featuring U.S. schools include:

- OH! Study International Education Expo (Spring/Fall), supported by AIT Commercial Section: <http://ohstudy.net/expo/>
- AIEF Education Foundation Fair (AIEF): <http://www.aief-usa.org>
- The Association of Boarding Schools Fair (TABS), supported by AIT Commercial Section: <http://www.tabs.org>
- The MBA Tour: <http://www.aief-usa.org>

- QS Top MBA Fair: <http://www.topmba.com>

Web Resources

[Return to top](#)

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

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

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

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 AIT Commercial Section Commercial Specialist Grace Tao at Grace.Tao@trade.gov or visit the website <http://export.gov/taiwan>

Electric Power Equipment (ELP) and Energy

Overview

[Return to top](#)

Unit: USD thousands

Electric Power Equipment Market	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	\$1,065,320	\$1,249,405	\$1,311,875	\$1,338,113
Total Local Production	4,712,444	5,084,420	5,338,642	5,445,415
Total Exports	9,122,324	9,859,438	10,352,410	10,559,458
Total Imports	5,475,200	6,024,423	6,325,644	6,452,157
Imports from the U.S.	888,720	969,192	1,017,651	1,038,004
Exchange Rate: 1 USD	30	29.5	29.5	29.5

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Statistical Department, MOEA

Total Imports: Statistical Department, MOEA

Imports from U.S.: Statistical Department, MOEA

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

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

Energy

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

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

Taiwan relies on imports for more than 99% of its energy sources. Taiwan passed the Renewable Energy Act in 2009 to promote alternative energy sources such as

hydropower, wind, geothermal, and solar. However, traditional energy sources such as coal, LNG, and nuclear still dominate the energy supply, accounting for more than 78% of the supply. Currently, Taiwan imports coal primarily from Australia and Indonesia. Taiwan LNG comes largely from the Middle East and Southeast Asian countries. Uranium fuel rods come from the United States and South Africa. After the Fukushima nuclear disaster, the local population in Taiwan is debating whether or not the newly built fourth nuclear power plant should start commercial operations. Taiwan's energy policy is designed to maintain a well-mixed portfolio of energy sources to balance energy costs, energy sufficiency, and environmental protection. In considering diversification and cost control, Taiwan has shown interest in importing U.S. coal from the Powder River basin (Wyoming and Montana) and shale gas from Texas, Oklahoma, Arkansas, Louisiana, Michigan, and Illinois.

Sub-Sector Best Prospects

[Return to top](#)

- Clean coal technology 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

Opportunities

[Return to top](#)

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

The Taiwan Power Company's current major projects include:

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

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

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

- ELECTRIC POWER 2013, May 14-16, 2013, Rosemont, IL
<http://www.electricpowerexpo.com>
- WINDPOWER 2012 Conference & Exhibition, May 5-8, 2013, Chicago, IL
<http://www.windpowerexpo.org/>
- RETECH 2013 (Renewable Energy Technology Conference & Exhibition), September 9-11 2013, Washington, DC,
<http://www.retech2013.com>
- POWER-GEN International, November 12-14 2013, Orlando, FL.
<http://www.power-gen.com>
- Taiwan Green Industry Show (TiGIS) 2013, October 31-November 2, 2013, Taipei, Taiwan.
<http://www.greentaiwan.tw/>

Web Resources

[Return to top](#)

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 energy and electrical power 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://export.gov/taiwan>

Electronic Components (ECL)

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Local Production	35,559,365	36,961,365	35,815,563	36,603,505
Total Exports	33,199,917	34,588,575	33,516,329	34,253,688
Total Imports	12,901,718	13,440,210	13,023,563	13,310,082
Imports from the U.S.	310,760	342,615	331,994	339,298
Exchange Rate: 1 USD	30	29.5	29.5 (p)	29.5 (p)

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

Data Sources:

Total Local Production: Statistical Department, Ministry of Economic Affairs

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

Total Imports: Directorate General of Customs, MOF

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

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

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, which will continue to drive the demand for U.S. imports of advanced technologies. Approximately 65% of local demand for electronic components is for information and communications product applications according to the "User Guide for Electronic Booklet" from Global Trend Net. U.S.-made semiconductors, especially integrated circuits, are competitive. However, U.S. firms face their stiffest competition from Japanese and Korean companies, which lead the passive component and display market sectors. Taiwan produced components are mainly used in consumer electronic product applications.

Sub-Sector Best Prospects

[Return to top](#)

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

- CEL- Smart Phones
- CEL- Smart TVs
- CEL- Notebook PCs
- CEL- Tablets
- CEL- Ultrabooks
- CEL- Global Positioning Systems (GPS)
- CEL- Video Games & Online Games
- CEL- Cloud Monitors
- CEL- Touch Panels
- CEL- Video Phones
- ELC- Monolithic digital & hybrid Integrated Circuits (ICs)

- ELC- Silicon wafers with dimensions between 12 (300 mm) and 18 inches (450 mm)
- ELC- Monolithic digital IC chips
- ELC- Transistors and light emitting diodes
- ELC- Chips and wafers for light emitting diodes and transistors
- ELC- Integrated circuits for central processing units
- ELC- Plugs and sockets for co-axial cables and printed circuits
- ELC- Dynamic random access memory integrated circuits

Opportunities

[Return to top](#)

Taiwan companies are focused on the production of higher value-added components found in electronic products, such as notebook computers, tablets and smartphones, while it has already shifted the manufacture / 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 the new innovative technologies and processes sectors and has been successful in selling to Taiwan's information and communications industries. U.S. firms are expected to remain as one of the top major suppliers of advanced and specialized items due to their excellent performance and reliability.

Participating in major trade shows is one of the most effective ways to generate international sales opportunities. The International Consumer Electronics Show (CES) is the world's largest electronic technologies show, which is held in January every year in Las Vegas, Nevada. International CES is one of the trade shows certified by the U.S. Department of Commerce under the International Buyer Program. AIT Commercial Section leads a Taiwan buyer delegation to the show each year. Taiwan's delegation members 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/> and <http://export.gov/taiwan>

In addition, the following electronic products related trade shows will be held in 2013 in Taipei, Taiwan:

- 2013 SOFTEX, April 17-21 <http://softex.tca.org.tw/>
- COMPUTEX Taipei International Information Technology Show, June 4 - June 8, 2013 <http://www.computextaipei.com.tw/>
- TICA Taipei Computer Applications Show, August 1 - August 5, 2013 http://www.tica.tw/zh_TW/index.html
- SEMICON Taiwan 2013, September 4-6, 2013 <http://www.semicontaiwan.org>
- Taiwan International Photovoltaic Forum & Exhibition, October 30- November 1, 2013 <http://www.pvtaiwan.com/>
- Taipei International Electronics Show, Taitronics 2013, October 8-11, 2013 <http://www.taitronics.org>

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

Industrial Development Bureau, MOEA: <http://www.moeaidb.gov.tw/> (click on English)

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

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

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

Pleasure Boats (PLB)

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	\$225.5	\$248,000	\$200,000	\$210,000
Total Local Production	112 yachts	123 yachts	150 yachts	160 yachts
Total Exports	89 yachts	98 yachts	135 yachts	140 yachts
Total Imports	\$112.5	\$124	\$130	\$135
Imports from the U.S.	\$56	\$61.5	\$70	\$72
Exchange Rate: 1 USD	30	29.5	29.5	29.5

Data Source: Taiwan Yacht Industry Association

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 seven globally. In Taiwan, there are 35 active yacht manufacturers, 19 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 will hold its first international boat show in Kaohsiung from May 8 -14, 2014, website: http://www.boatshow.tw/en_US/index.html.

Taiwan's yacht building revenues more than doubled from 2003 to 2008, while the number of yachts produced decreased slightly during the same period, reflecting Taiwan's trend towards building bigger, more expensive yachts. Recent years, however, have seen a reversal of this trend with an increase in the number of smaller yachts being built. The recent global economic downturn is taking a toll on yacht orders from Taiwan.

The United States is the largest market for yachts manufactured in Taiwan and is also the biggest supplier of components used by Taiwan yacht builders. Interviews with industry executives reveal that imports of these components are down considerably in the period 2009 to 2011, but demand is expected to rebound as the global economy recovers in the years ahead.

Sub-Sector Best Prospects

[Return to top](#)

- 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

Opportunities

[Return to top](#)

Energy-saving “green” technology solutions will gain market share as Taiwan continues to focus on new product development and innovative technologies. In 2010, the Horizon Group advanced its eco-friendly design capabilities with the launch of the SunCat 46, a 46-foot luxury multi-hull yacht 100% powered by solar energy.

Fort Lauderdale, the "Yachting Capital of the World," will host the 54th Fort Lauderdale International Boat Show from October 31 – November 4, 2013. The world's largest boat show, FLIBS features more than US\$1.6 billion worth of boats, yachts, super yachts, electronics, engines, and thousands of accessories from every major marine manufacturer and builder worldwide. The show encompasses more than three million square feet of space, both on land and in water, at six sites connected by a transportation network. For more information, please visit the FLIBS website: http://www.showmanagement.com/fort_lauderdale/event/

Web Resources

[Return to top](#)

Taiwan Yacht Industry Association (TYIA): <http://www.taiwan-yacht.com>

United Ship Design & Development Center: <http://www.usddc.org.tw>

Taiwan Yacht Net: <http://www.taiwanyacht.com>

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://export.gov/taiwan>

Pollution Control Equipment (POL)

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	\$650,943	\$699,837	\$734,828	\$749,525
Total Local Production	451,412	490,050	514,552	524,843
Total Exports	444,411	505,924	531,220	541,844
Total Imports	643,942	715,711	751,496	766,526
Imports from the U.S.	148,988	171,445	180,017	183,617
Exchange Rate: 1 USD	30	29.5	29.5	29.5

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Statistical Department, MOEA

Total Imports: Statistical Department, MOEA

Imports from U.S.: Statistical Department, MOEA

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

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

Sub-Sector Best Prospects

[Return to top](#)

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

Opportunities

[Return to top](#)

The Taiwan authorities have started to address climate change by developing a Greenhouse Gas Reduction Act, which calls for decreasing Taiwan's CO2 emissions to levels recorded in 2000 by the year 2025. The market demand for greenhouse gas monitoring and reduction equipment will continue to increase for the next few years. As Taiwan retains its major manufacturing base for electronics and electrical equipment, advanced pollution control equipment and technologies for the high-tech manufacturing sector will continue to be in great demand.

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

- WasteExpo 2013, May 20-22, 2013, New Orleans , LA
<http://www.wasteexpo.com/wasteexpo2013/public/enter.aspx>
- American Water Works Association(AWWA) ACE 12, June 9-13, 2013, Denver, Colorado
<http://www.awwa.org/conferences-education/conferences/ace13-annual-conference.aspx>
- Taiwan Green Industry Show (TiGiS) 2013, October 31-November 2, 2013, Taipei, Taiwan. TiGiS is Taiwan's largest green industry exhibition featuring clean energy, environmental protection, and water technology. AIT Commercial Section has organized a U.S.A. Pavilion at TiGiS since 2011. The U.S. Pavilion is the best platform for a participating US company to exhibit their products to interested buyers. During the trade show, AIT Commercial Section can also arrange Single Company Promotion (SCP) seminars for the U.S. Pavilion participants in order to further promote their products and services.
<http://www.greentaiwan.tw/>

Web Resources

[Return to top](#)

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://export.gov/taiwan>

Safety and Security Products and Services (SEC)

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Local Production	4,924,000	5,250,000	5,428,000	5,555,000
Total Exports	1,389,000	1,423,000	1,530,000	1,685,000
Total Imports	1,706,000	1,780,000	1,880,000	1,900,000
Imports from the U.S.	76,000	79,000	82,000	82,500
Exchange Rate: 1 USD	30.00	29.50	29.5 (e)	29.5 (e)

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

Data Sources:

Total Local Production: unofficial estimates

Total Exports: unofficial estimates

Total Imports: unofficial estimates

Imports from U.S.: unofficial estimates

Taiwan's market for safety and security (S&S) products and services continues to offer excellent business opportunities for U.S. firms. Taiwan imported US\$1.706 billion and US\$1.780 billion worth of S&S equipment in 2011 and 2012, respectively. The S&S import market is expected to increase by another 3% to 5% per annum in the coming years. Imports of high-quality products should expand quickly due to strong demand and relatively weak high-end domestic competition. There are no known non-tariff import barriers to safety and security products in Taiwan.

In recent years domestic competition has become increasingly strong as more foreign and domestic companies have entered the market. Since the tragic events on September 11, 2001, public attention has been drawn to "Homeland Security." Such needs immediately resulted in an increase in demand for cutting-edge technology, security measures, and security monitoring systems in Taiwan.

With terrorism being seen all around the world and unanticipated natural disasters, S&S has emerged as a promising market in recent years. Technological improvements, new applications, and increased concerns of public safety are providing a positive stimulus to the S&S market in Taiwan. U.S. security equipment manufacturers will find Taiwan a promising market to pursue as more and more enterprises have found the need to safeguard their information systems as well as their manufacturing facilities.

Sub-Sector Best Prospects

[Return to top](#)

Taiwan's growing economy, tightened rules, regulations stipulated by the Taiwan authorities, and an increase in awareness for quality, safety, and standards of living are reasons why the outlook for safety and security products in Taiwan is promising. The S&S industry has a wide range of product items and the best prospects are fire safety apparatus, surveillance products, and information security systems. Also, internet-related information security products are in demand.

The following information security sectors are considered to have the best sales potential for U.S. suppliers in the Taiwan market: application service providers; software as a service; anti-virus; encryption; e-mail scanning; content and web filtering; authorization; public key infrastructure; firewalls; virtual private network; security assessment; intrusion detection; website content filtering; and data loss prevention products and services.

Opportunities

[Return to top](#)

The main driving forces behind Taiwan's security equipment and services are public construction, large-scale factories, and government agencies. The primary end-users of information security in the Taiwan market are enterprises, research institutes, and higher educational institutions. As the emphasis on information security continues to grow rapidly, certain markets typically spend more on information security products and services than others since the value of the data that they create, transmit and try to protect is more valuable and the costs associated with security breaches are greater. These high risk and high cost markets include financial services, healthcare organizations, high-tech industrial manufacturing, government agencies, and the military.

Web Resources

[Return to top](#)

Secutech Expo: <http://www.secutech.com>

Taiwan Safety and Security Industry Association: <http://www.tssia.org.tw>

Taiwan Fire & Industry Association: <http://www.tssia.org.tw>

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

Taipei Security Commercial Association: <http://www.sca.org.tw>

For more information on Taiwan's security sector contact AIT Commercial Section Cindy Chang at cindy.chang@trade.gov and <http://export.gov/taiwan>

Semiconductor Industry Production Equipment/Parts (SEM)

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Local Production	796,184	856,590	895,137	1,002,553
Total Exports	298,027	325,290	339,928	380,719
Total Imports	2,823,104	3,010,980	3,146,474	3,524,050
Imports from the U.S.	790,575	843,150	881,092	986,823
Exchange Rate: 1 USD	30	29.5	29.5 (p)	29.5 (p)

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 are rounded from rates provided by Central Bank of China

Taiwan's semiconductor industry continues to advance towards more sophisticated technologies, such as wafer fabrication and large-sized LED TVs. In 2012, the capital spending for semiconductor and FPD production capacity exceeded US\$10 billion. However, the capital spending for FPD is likely to slow down in 2013 after two years of aggressive expansion, but the mid to long-term outlook remains strong. Most of Taiwan's semiconductor front-end production equipment is imported, and the demand is mainly from semiconductor foundries. The semiconductor front-end production equipment accounts for about 80% of Taiwan's total semiconductor equipment market investment and the back-end such as packing and testing equipment accounts for 17%. The locally manufactured front-end equipment only accounts for 7% of the market share. Given these trends, demand for imported front-end equipment will continue to remain strong. As a major source of specialized front-end equipment, U.S. firms will continue to find ample sales opportunities given their products' proven performance, high reliability and durability.

Sub-Sector Best Prospects

[Return to top](#)

U.S. equipment projected to have the best sales potential in the Taiwan market include:

- ELC - Chemical vapor deposition equipment and parts for semiconductor production
- ELC - Machine tools for dry-etching on semiconductors
- ELC - Grinding, polishing and lapping machines and parts for processing of semiconductor wafers
- EIP - Equipment for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays
- EIP - Physical deposition equipment and parts for semiconductor production
- EIP - Rapid heating equipment and parts for semiconductor wafer production
- EIP - Ion implanters and parts for doping semiconductor materials

- EIP - Instruments, equipment, parts and accessories for measuring or checking semiconductor wafers and devices
- EIP - Optical instruments, appliances, parts, and accessories for inspecting photo masks or semiconductor devices
- EIP - Electronics test equipment for communications, broadcasting and consumer electronics

Opportunities

[Return to top](#)

Taiwan Semiconductor Manufacturing Company Limited (TSMC) leads wafer fabrication investment projects in Taiwan. The island's semiconductor firms continue to expand and upgrade processing technologies of existing wafer facilities. According to SEMI Taiwan, the demand for advanced nodes (28nm/32nm) remains strong mainly driven by mobile applications. TSMC announced its plan to invest US\$9 billion in 2013 to increase the production of the 28nm and expand the existing production line of the 20nm. In 2009, Taiwan passed the Renewable Energy Act, which includes a five-year budget of US\$746 million for the promotion of the installation of green energy and US\$597 million for research and development of green energy technologies. The plan is to generate an additional US\$6 billion in private investments in the photovoltaic (PV) industry which will continue to boost the needs for FPD related production equipment. In addition, communications and consumer electronics manufacturers are adding new product lines to produce more high value-added processes and components that drive products, such as notebook PCs, ultrabooks, tablets and smart phones to profit from the increasing global demand.

Participating in major trade shows is one of the most effective ways to generate international sales opportunities. SEMICON Taiwan is the most important annual event for the Taiwan semiconductor industry. AIT Commercial Section will organize a U.S.A. Pavilion at the 2013 SEMICON Taiwan show. Detailed information about the show is available at the website: <http://www.semicontaiwan.org>

In addition, the following electronic products related trade shows will be held in Taipei, Taiwan during 2013:

- 2013 SOFTEX, April 17-21 <http://softex.tca.org.tw/>
- COMPUTEX Taipei International Information Technology Show, June 4 - June 8, 2013 <http://www.computextaipei.com.tw/>
- TICA Taipei Computer Applications Show, August 1 - August 5, 2013 http://www.tica.tw/zh_TW/index.html
- SEMICON Taiwan 2013, September 4-6 <http://www.semicontaiwan.org>
- Taiwan International Photovoltaic Forum & Exhibition, October 30-November 1, 2013 <http://www.pvtaiwan.com/>
- Taipei International Electronics Show, Taitronics 2013, October 8-11, 2013 <http://www.taitronics.org>

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

Industrial Development Bureau, MOEA: <http://www.moeaidb.gov.tw> (Click on English)

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

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

U.S. firms wishing to learn more about the semiconductor production 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 Teddy Chien at teddy.chien@trade.gov or visit <http://export.gov/taiwan>

Telecommunications Equipment (TEL/TES)

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	\$3,016,200	\$3,633,150	\$3,923,800	\$4,010,120
Total Local Production	7,125,700	8,188,480	8,843,560	9,038,120
Total Exports	6,522,500	7,230,000	7,808,400	7,980,180
Total Imports	2,413,000	2,674,678	2,888,650	2,952,200
Imports from the U.S.	205,100	225,250	243,270	248,620
Exchange Rate: 1 USD	30.0	29.5	29.5 (e)	29.5 (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 are rounded from rates provided by Central Bank of China

Mobile handsets, broadband, and wireless chips are the major trends in Taiwan's telecom industry. Taiwan's fixed-network carriers, mobile operators, and broadcasters (terrestrial TV, radio, and CATV networks) are upgrading their network infrastructure to increase market competitiveness. The de-emphasis on the previous initiative of promoting Worldwide Interoperability for Microwave Access (WiMax) in which telecom authorities collaborated with Intel was evident after the shutdown of the Intel Taiwan WiMax Program Office in June 2010. The entire WiMax project has now been postponed as the trend in next generation technologies has shifted to the Long Term Evolution (LTE) 4G technology, which is a standard supported by the world's major telecom equipment and service provider companies such as Alcatel-Lucent, AT&T, and even the largest Taiwan mobile carrier Chunghwa Telecom.

Taiwan signed a cooperation memo with Google in November 2009, to establish a "Software and Service Excellence Center" helping promote Taiwan's software and hardware suppliers to enter the cloud computing market. In April 2010, the Executive Yuan launched a five year program labeled "The Cloud Computing Industry Development Program." With five years of funding worth US\$ 800million, the goal is to reach 10million cloud computing users, which via services and applications, is forecast to generate an output value of US\$33 billion.

Taiwan imports about 80% of its telecommunications equipment, and over 50% of its imported telecommunications equipment comes from mainland China primarily originating from international OEMs/ODMs factories. The U.S. has about an 8% share of the import market.

Sub-Sector Best Prospects

[Return to top](#)

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

Opportunities

[Return to top](#)

The Taiwan authorities launched “The Development of Digital Convergence Program” in 2010 and plan to complete it by 2015. The program’s objectives are to secure a comprehensive high-speed broadband network to promote the following: convergence of telecommunications services; acceleration of the process to construct new digital video television services; and communication and dissemination of industry upgrades. The goals of the program include 6 million fiber optic subscribers, 2 million wireless broadband subscribers, a digital Cable TV penetration rate of 75% among national households, and a 50% increase in the new video service penetration rate by 2015. Taiwan commenced the digital wireless TV era on July 1, 2012, and ended its analog signal systems, encouraging people to watch high definition (HD) programs from their set top boxes, wireless TVs, cable TVs and IPTVs. The National Communications Commission (NCC) will release 2 digital TV licenses in 2013. These TV operators will run 16 wireless digital channels.

In December 2010, the Taiwan authorities extended all 2G licenses through to 2017, which were due to expire in 2013. Chunghwa Telecom, Taiwan Mobile and FarEasTone benefitted from this decision and continue to prepare their bids for the expected 4G licenses, which is expected to be bid by the end of 2013 for 700/900/1800 MHz. The estimated total bidding amount of the 4G licenses will be between US\$1.35 to 2.37 billion.

Participating in major trade shows is one of the most efficient ways to generate international sales. The National Association of Broadcasters Show 2014 (NAB) is one of the 10 largest trade shows in North America and provides the world’s largest

gathering of television, radio, film, video, audio and multimedia professionals. The show will be held from April 7-10, 2014, in Las Vegas. AIT Commercial Section 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/>

Web Resources

[Return to top](#)

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

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

Industry Technology Research Institute (ITRI): <http://www.itri.org.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 AIT Commercial Section Commercial Specialist Rita Chen at Rita.Chen@trade.gov or visit <http://export.gov/taiwan>

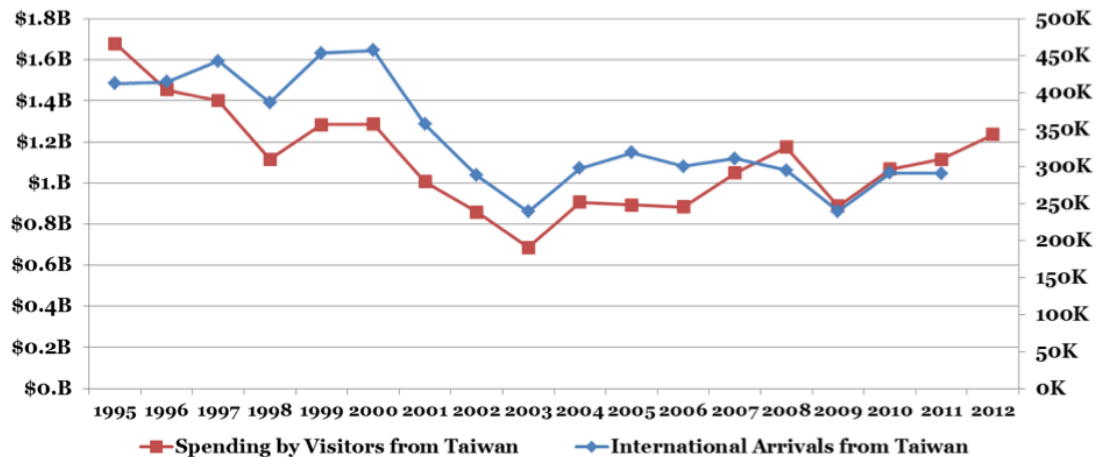
Travel and Tourism (TRM)

Overview

[Return to top](#)

Total Arrivals and Spending: Taiwan

The United States welcomed 290 thousand visitors from Taiwan in 2011. Preliminary spending estimates for 2012 show more than \$1.2 billion on travel and tourism-related goods and services.



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

For Taiwan nationals, outbound travel is a vital part of doing business in this trade-oriented economy as well as a trendy form of leisure. Taiwan's GDP per capita is one of the highest in Asia at approximately US\$20,400. As such, an increasing share of the population has the means to seek and enjoy leisure travel abroad. Taiwan is the fourth-largest holder of foreign exchange reserves in the world, with over US\$403.2 billion in 2012. The World Bank's *Doing Business 2013 Report* ranks Taiwan's business environment 16th among 185 global economies.

In 2012, outbound travel from Taiwan showed a growth of 6.84% and hit a high at 10.24 million trips. In another words, roughly 44% of the 23 million people go abroad each year for business, education, or holiday.

In terms of desired travel destinations, the overwhelming majority of Taiwan outbound travel takes place within Asia (91.5% in 2012 according to the Taiwan Tourism Bureau). Business as well as leisure travel to mainland China has seen the most dramatic increase ever since the opening of direct flights between China and Taiwan in late 2008. Currently, there are more than 600 weekly direct flights between China and Taiwan where none had existed before 2008. In 2009, 1.5 million Taiwan travelers visited mainland China, and the number increased to over 3.1 million in 2012 (these figures do not include those who travel via Hong Kong or Macao). On leisure vacations, Japan by far has been and will continue to remain the most favored destination of choice for Taiwan travelers. Other popular tourist destinations are South Korea, Thailand, Malaysia, and Singapore.

The United States is among the top five destinations for Taiwan outbound travelers, and is the top non-Asian and long haul destination. According to the Office of Travel and

Tourism Industries (OTTI) at the U.S. Department of Commerce, nearly 300,000 Taiwan travelers visited the United States in 2011. Preliminary spending estimates for 2012 show that more than US\$1.2 billion was spent by Taiwan travelers in the U.S. on travel and tourism-related goods and services. Taiwan ranks sixth in the Asia Pacific region and 22nd in the world for visitor arrivals in the United States. This is mainly attributed to the strong long-standing people-to-people ties and business links between the United States and Taiwan. OTTI forecasts that travel from Taiwan to the United States will register a growth of 7 to 9 percent annually during 2012-2015.

Taiwan joined the Visa Waiver Program (VWP) on November 1, 2012, enabling Taiwanese visitors to visit the United States using the Electronic System for Travel Authorization (ESTA) for business, tourism, or transit (B1/B2 category). This visa waiver simplifies the application processes and save money for Taiwan travelers. To date, Taiwan passport holders can visit as many as 113 countries and territories without a visa. This marks a significant milestone since the Taiwan authorities liberalized outbound travel and relaxed regulations to travel abroad three decades ago. Travel to the United States increased by 49% from South Korea the year after it was admitted into the VWP. The Taiwan local travel industry anticipates Taiwan to reflect that trend as well. Despite its popularity with Taiwan outbound travelers, the United States faces strong competition from other visa-free destinations, such as Australia, mainland China, Japan, Thailand, and European Union countries.

Sub-Sector Best Prospects

[Return to top](#)

Taiwan visitors to the U.S. most often travel for the main purpose of leisure/recreation/holidays (35%), another 30% travel for business, 24% for visiting friends and relatives, and 7% for attending conventions and conferences.

Taiwan visitors to the United States took an average of 50 days to decide on and plan their trip. Of these visitors, 24% booked a prepared package. For 31% of them, it was their first trip to the United States. The average length of stay for Taiwan visitors in the United States was 21 days and they visited an average of 1.8 states.

California leads with 56% of Taiwanese visitors in 2011, followed by Guam with 13%, New York with 11%, and Nevada with 9%. States like Washington, Illinois, Massachusetts, Texas, Hawaii, and Florida are attracting a growing number of Taiwanese visitors. The top American cities visited by Taiwanese travelers in 2011 were Los Angeles (33%), San Francisco (19%), New York City (11%), Las Vegas (9%), Seattle, San Jose, Chicago, Boston (each shares 6%), San Diego (4%), Honolulu and Anaheim (each 3%).

All-inclusive guided group package tours remain popular with first time visitors and seniors. As Taiwan travelers mature and become savvier, the trend shifts towards Foreign Independent Travelers (FIT) and a variety of special interest tours. More than 80% of Taiwanese visitors to the United States are FITs. The demand for niche travel experiences such as spectator sports travel, adventure tours, health and wellness vacations, honeymoon tours, gastronomic holidays, cruise tours, and youth study travel are expected to grow.

Taiwan visitors to the United States are strongly motivated by shopping (92%) and dining in restaurants (78%). They also place importance on sightseeing in cities (49%),

visiting amusement and theme parks (35%), historical places (31%), and doing water sports and sunbathing (19%). Other interests include guided tours (17%), visiting national parks, art galleries and museums, and small towns (16% each).

The main information sources for interested travelers to the United States are travel agencies (54%), the internet (27%), airlines directly (19%), and friends/relatives (14%).

Over 23,250 Taiwan students studied in American schools in 2012, which ranks Taiwan as the 6th leading origin of international students in the United States. The United States is home to over 926,000 Taiwanese immigrants, and over 51.6 percent of all Taiwanese immigrants in the United States reside in Los Angeles, San Francisco, New York, San Jose and Houston. Taiwanese immigrants, students and their visiting relatives and friends form a significant portion of Taiwan tourists to the United States.

Taiwan maintains good air connections to the United States. Taiwan travelers can choose among many air carriers to fly to the United States. Delta Airlines and United Airlines provide daily services to the United States via Japan. Two Taiwanese carriers, China Airlines and EVA Air provide 62 weekly non-stop flights to San Francisco, Los Angeles, Seattle, New York, and Guam. China Airlines is introducing two weekly non-stop services to Honolulu in June 2013, and Hawaiian Airlines is introducing three weekly non-stop services to Honolulu in July 2013. EVA Air will operate two additional weekly flights to San Francisco in July 2013. United Airlines plans to introduce daily non-stop service to San Francisco in March 2014.

Opportunities

[Return to top](#)

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

Joining the ***My Dream Vacation USA*** program is a cost effective way to enter the Taiwan market and get maximum attention. This program is conducted by the Commercial Section of the American Institute in Taiwan in partnership with the Discover America Committee in Taiwan, and highlights American destinations through a series of quarterly theme-based media events. Nearly 60 American destinations, travel trade companies, travel agents, and airlines are partners in the program as of May 2013.

Another way to promote American destinations is by participating in travel fairs. The Discover America Committee in Taiwan, with support from the AIT Commercial Section, organizes an American Pavilion at major travel events, including the Travel Tourism Expo (TTE) and the Taipei International Travel Fair (ITF) that are the biggest and most important travel fairs in Taiwan. AIT's Commercial Section can provide participants with logistics assistance, business counseling support, and a pre-show promotion press conference.

In addition, the International Advisory Committee in partnership with the Discover America Committee in Taiwan and the AIT Commercial Section recruits a Taiwan delegation to Pow Wow every year. The Taiwan delegation in 2013 will be the biggest ever to Pow Wow.

Web Resources

[Return to top](#)

Discover America Committee in Taiwan

Website: <http://www.discoveramerica.org.tw> (click on right side English Version)

My Dream Vacation USA

Website: www.vacationusa.com.tw

Tourism Bureau, Ministry of Transportation and Communications

Website: www.taiwan.net.tw

Taipei Tourism Exposition Organizer

Website: www.tata.org.tw

Taipei International Travel Fair Organizer

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

U.S. firms wishing to learn more about Taiwan's outbound travel and tourism market, as well expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact CS Tawan Senior Commercial Specialist Mei Mei Wang at meimei.wang@trade.gov or to visit our website at <http://export.gov/taiwan>

1. Beef**Overview**

Unit: Metric Tons

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	131,655	118,074	134,600	138,750
Total Local Production	6,169	6,187	6,000	6,200
Total Exports	662	498	400	450
Total Imports	126,148	112,385	129,000	133,000
Imports from the U.S.	40,437	24,517	48,500	52,000

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

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

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

In 2010, the United States surpassed Australia as Taiwan's largest beef supplier on both volume and value basis. However, U.S. beef exports to Taiwan in 2011 and 2012 tumbled after Taiwan began rejecting some shipments of U.S. beef that tested positive for ractopamine, a feed ingredient approved for use in the United States and many other countries but not approved in Taiwan. Following Taiwan's decision to implement a maximum residue level (MRL) for ractopamine in September 2012, U.S. beef exports to Taiwan surged during the October 2012 to March 2013 period. Industry forecasts now suggest that Taiwan's import volume of U.S. beef in 2013 is poised to surpass the 2010 record.

The recovery of public confidence in U.S. beef continues to grow steadily, and consumer demand for U.S. beef has been strong, particularly in the hotel and restaurant sector. Most retailers have already restocked U.S. beef in their stores and have reported strong sales. While U.S. retail giant Costco was initially hesitant to stock U.S. beef, they have recently moved to stock 100% U.S. product. Prior to 2011, hypermarkets such as Costco, Carrefour and RT Mart, accounted for more than 50 percent of Taiwan's total imports of chilled U.S. beef.

Sub-Sector Best Prospects

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

Opportunities

[Return to top](#)

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

Web Resources

[Return to top](#)

For current information on export requirements for Taiwan:

http://www.fsis.usda.gov/regulations_&_policies/Taiwan_Requirements/index.asp

Taiwan Exporter Guide 2012 (TW12051):

[http://gain.fas.usda.gov/Recent GAIN Publications/Exporter Guide_Taipei ATO_Taiwan_12-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-20-2012.pdf)

Food and Agricultural Import Regulations and Standards (TW12049):

[http://gain.fas.usda.gov/Recent GAIN Publications/Food and Agricultural Import Regulations and Standards - Narrative_Taipei_Taiwan_12-18-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards_-_Narrative_Taipei_Taiwan_12-18-2012.pdf)

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

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

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

2. Cheese

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013* (estimated)	2014 (estimated)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	53	50	50	50
Total Imports	101,000	108,765	114,200	122,200
Imports from the U.S.	23,220	31,227	31,850	32,500
Exchange Rate: 1 USD	29.5	29.5	29.5	29.5

* Annual totals estimated based on available trade data

Source: Global Trade Atlas (HS code: 0406)

Sub-Sector Best Prospects

[Return to top](#)

Cheese demand in Taiwan continues to grow due in large part to the promotion of new bakery goods utilizing cheeses such as cheddar and Asiago for example. Overall, the most popular and fastest growing cheese varieties include cream cheese, cheddar, Asiago and Colby Jack. Frequent retail promotions in supermarkets will improve consumer awareness of U.S. cheese and help consumers appreciate the many ways to combine cheese with other, more traditional foods.

Opportunities

[Return to top](#)

Taiwan does not produce any cheese commercially and relies almost completely on imports. In 2012, Taiwan's imports of U.S. cheese reached a historic high of US\$31 million, up 34% compared to CY 2011. This trend helped the United States overtake New Zealand as Taiwan's largest cheese supplier. This growth resulted from increased consumption in the foodservice sector and greater consumer demand in the retail sector, the latter driven in large part by the continued expansion of hypermarkets such as Costco, Carrefour, and RT Mart. Cheese consumption in the foodservice segment has further growth potential with new applications for cheddar and Asiago in increasingly popular baked goods. Sliced cheeses account for 65% of cheese retail sales. On a per capita basis, cheese consumption in Taiwan is still very low compared to most Western countries and Japan. In recent years, however, Taiwan consumers have started to acquire a taste for an assortment of cheese products. Whereas in the past, consumers associated cheese only with pizza or sandwiches, consumers now eat cheese in a variety of foods and cuisines, such as adding cheese to traditional Chinese steamed buns. However, local chefs and consumers would benefit from additional instruction on the wide variety of U.S. cheese products and their application.

Web Resources

[Return to top](#)

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

Taiwan Dairy Annual 2012 (TW12032):

[http://gain.fas.usda.gov/Recent GAIN Publications/Dairy and Products Annual_Taipei_Taiwan_10-12-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products/Annual_Taipei_Taiwan_10-12-2012.pdf)

Taiwan Exporter Guide 2012 (TW12051):

[http://gain.fas.usda.gov/Recent GAIN Publications/Exporter Guide_Taipei ATO_Taiwan_12-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei/ATO_Taiwan_12-20-2012.pdf)

Food and Agricultural Import Regulations and Standards (TW12049):

[http://gain.fas.usda.gov/Recent GAIN Publications/Food and Agricultural Import Regulations and Standards - Narrative_Taipei_Taiwan_12-18-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Taipei_Taiwan_12-18-2012.pdf)

For other information on U.S. dairy exports:

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

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

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

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

3. Chocolate & Other Candies (excluding chewing gum)

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013* (estimated)	2014* (estimated)
Total Local Production	135,058	156,641	170,000	180,000
Total Exports	29,372	30,412	33,500	35,000
Total Imports	114,419	105,196	103,500	105,000
Imports from the U.S.	11,387	11,036	11,600	11,600
Exchange Rate: 1 USD	30	29.5	29.5	29.5

* Annual totals estimated based on available trade data

Source: Directorate General of Customs, Ministry of Finance

Taiwan Confectionery, Biscuit, and Flourey Food Industry Association

Taiwan imported approximately US\$105 million worth of chocolate and candy (excluding chewing gum) products in 2012, an 8% decrease compared with the previous year. Chocolate products accounted for 68% of the candy import market. In 2012, Italy was the largest supplier with a 20% market share, followed by Japan (16%), the United States (10%), France (9%), Germany (5%), and Switzerland (5%). Italy and other EU countries supplied mainly chocolate products, while Japan's exports were largely comprised of non-chocolate, hard and soft candies.

Sub-Sector Best Prospects

[Return to top](#)

Part of the success for imported candy products from the EU and the United States is that these imports compare favorably to domestic products in both price and quality. The United States previously held a slightly larger market share. However, the entry of major European chocolate product manufacturers as well as lower-priced candies from Southeast Asia has shifted some market share away from U.S. suppliers. Industry sources estimate modest growth in production and approximately 10% growth for exports over the next few years due to increasing demand from mainland China and Southeast Asia. Local consumption is anticipated to remain essentially flat due to a greater emphasis on healthy eating.

Opportunities

[Return to top](#)

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

Web Resources

[Return to top](#)

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

Taiwan Candy, Gum, and Chocolate

[http://gain.fas.usda.gov/Recent GAIN Publications/Candy and Gum and Chocolate_Taipei ATO_Taiwan_7-28-2009.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Candy%20and%20Gum%20and%20Chocolate_Taipei%20ATO_Taiwan_7-28-2009.pdf)

Taiwan Gift Pack Market [http://gain.fas.usda.gov/Recent GAIN Publications/Gift Pack Market _Taipei ATO_Taiwan_7-5-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Gift%20Pack%20Market_Taipei%20ATO_Taiwan_7-5-2011.pdf)

Taiwan Exporter Guide 2012 (TW12051):
[http://gain.fas.usda.gov/Recent GAIN Publications/Exporter Guide_Taipei ATO_Taiwan_12-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-20-2012.pdf)

Food and Agricultural Import Regulations and Standards (TW12049):
[http://gain.fas.usda.gov/Recent GAIN Publications/Food and Agricultural Import Regulations and Standards - Narrative_Taipei_Taiwan_12-18-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Taipei_Taiwan_12-18-2012.pdf)

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

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

4. Fish & Seafood Products

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	\$2,794,689	\$2,897,926	\$3,280,000	\$3,761,000
Total Local Production	3,531,411	* 3,765,493	4,015,000	4,281,000
Total Exports	1,850,614	2,050,540	2,272,000	2,518,000
Total Imports	1,113,892	1,182,973	1,537,300	1,997,750
Imports from the U.S.	49,206	42,547	44,400	46,300
Exchange Rate: 1 USD	30	29.5	29.5	29.5

*Local Production is estimated on available trade and consumption data.

Source: Global Trade Atlas; Fishery Agency, Taiwan Council of Agriculture; Taiwan Director General of Custom; Foreign Agricultural Service/Global Agricultural Trade System
Products defined in this sector are under HS codes 03 and 16

Sub-Sector Best Prospects

[Return to top](#)

Taiwan's domestic fish production reached US\$3.5 billion in 2011, a 14% increase from the previous year (Source: Fisheries Statistical Year Book, 2012, Taiwan Council of Agriculture). Taiwan's five top seafood suppliers in 2012 were China, Vietnam, Japan, Peru and Norway. The United States and Canada were Taiwan's 10th and 12th largest seafood suppliers, respectively, in 2012.

The United States continues to lose market share to mainland China and other South East Asian countries that enjoy regional proximity and price advantages. For instance, although Taiwan's total seafood imports grew from US\$1.11 billion in 2011 to US\$1.18 billion in 2012, the value of fishery products imported from the United States decreased from US\$49.2 million to US\$42.5 million in the same time period. Mainland China has been Taiwan's leading supplier since 2006 and looks to strengthen its position as trade between Taiwan and the mainland continues to liberalize and expand. Under the Economic Cooperation Framework Agreement between Taiwan and Mainland China, import tariffs on live, chilled and frozen fish from Mainland China are expected to be reduced eventually.

Recent shipments of crustaceans and mollusks from various exporting countries, including lobster and oysters from the United States, were inspected and rejected for heavy metal, specifically cadmium, which was found to be above Taiwan's established maximum residue limit (MRL). Lobster exports, one of the major U.S. seafood items shipped to Taiwan, were valued at US\$7.4 million in 2012. U.S. exporters should be aware that Taiwan's testing methodology for heavy metals (such as cadmium) differs from U.S. methods and may result in rejected products. The AIT Agricultural Section continues to look for means to resolve this issue. Exporters should work closely with their import contacts as well as with AIT's Agricultural Section to avoid costly delays and rejections.

Opportunities

[Return to top](#)

Seafood continues to play an important role in the Taiwan diet, and the average Taiwan consumer eats an estimated 35 kilograms of fish and seafood products annually. Taiwanese consumers are showing a growing interest in high quality seafood with stated health benefits. These consumers are sophisticated and, given their traditional preference for fresh fish and seafood, frozen products must be of the highest quality to meet local standards.

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

Web Resources

[Return to top](#)

Taiwan Exporter Guide 2012 (TW12051):

[http://gain.fas.usda.gov/Recent GAIN Publications/Exporter Guide_Taipei ATO_Taiwan_12-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-20-2012.pdf)

Food and Agricultural Import Regulations and Standards (TW12049):

[http://gain.fas.usda.gov/Recent GAIN Publications/Food and Agricultural Import Regulations and Standards - Narrative_Taipei_Taiwan_12-18-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards_-_Narrative_Taipei_Taiwan_12-18-2012.pdf)

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

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

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

5. Fresh Fruits

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013* (estimated)	2014 (estimated)
Total Local Production	2,478,947	2,400,000	2,350,000	2,350,000
Total Exports	59,921	58,681	55,000	55,000
Total Imports	399,192	483,554	475,000	475,000
Imports from the U.S.	166,173	210,769	220,000	220,000
Exchange Rate: 1 USD	30.0	29.5	29.5	29.5

*Annual totals estimated based on available trade data

Source: Global Trade Atlas; Taiwan Council of Agriculture

Taiwan has the world's highest per capita consumption of fresh fruit at 127 kilograms. In 2012, Taiwan imported approximately US\$484 million worth of fresh fruit, a 21% increase from the previous year. Total exports from the United States reached nearly US\$211 million, a record high since 1970 in 2012. The United States remained the largest supplier, accounting for 44% of Taiwan's total fresh fruit imports, followed by New Zealand (18%), Chile (17%), Japan (7%), Thailand (3%), and South Korea (3%).

Sub-Sector Best Prospects

[Return to top](#)

The major U.S. export items to Taiwan in 2012 were:

Apples (US\$76 million)

Cherries (US\$53 million)

Peaches & nectarines (US\$32 million)

Grapes (US\$22 million)

Plums, prune plums, and sloes (US\$9 million)

Oranges (US\$6 million)

Cranberries, blueberries, and other fruits of the Genus Vaccinium (US\$4 million)

Pears & quinces (US\$2 million)

Opportunities

[Return to top](#)

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

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

Taiwan Stone Fruit Annual

[http://gain.fas.usda.gov/Recent GAIN Publications/Stone Fruit Annual_Taipei_Taiwan_8-29-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Stone%20Fruit%20Annual_Taipei_Taiwan_8-29-2012.pdf)

Taiwan Fresh Deciduous Fruit Annual

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

Taiwan Gift Pack Market

[http://gain.fas.usda.gov/Recent GAIN Publications/Gift Pack Market _Taipei ATO_Taiwan_7-5-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Gift%20Pack%20Market_Taipei%20ATO_Taiwan_7-5-2011.pdf)

Taiwan Exporter Guide 2012 (TW12051):

[http://gain.fas.usda.gov/Recent GAIN Publications/Exporter Guide_Taipei ATO_Taiwan_12-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-20-2012.pdf)

Food and Agricultural Import Regulations and Standards (TW12049):

[http://gain.fas.usda.gov/Recent GAIN Publications/Food and Agricultural Import Regulations and Standards - Narrative_Taipei_Taiwan_12-18-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Taipei_Taiwan_12-18-2012.pdf)

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

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

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

6. Pet Food

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013* (estimated)	2014 (estimated)
Total Local Production**	16,500	16,700	17,000	17,000
Total Exports	1,422	1,429	1,500	1,600
Total Imports	100,116	109,999	120,000	132,000
Imports from the U.S.	36,666	36,565	45,000	55,000
Exchange Rate: 1 USD	30.0	29.5	29.5	29.5

* Annual totals estimated based on available trade data

** Estimates - No official data for local pet food production

Source: Directorate General of Customs, Taiwan Ministry of Finance

Taiwan's imports of pet food (dog and cat food for retail sale) have tripled over the past 10 years, growing from US\$31 million in 2001 to nearly US\$110 million in 2012. The United States continues to be the leading supplier with a 33% market share followed by Thailand (24%), France (15%), Australia (12%) and Canada (4%).

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

Currently, the biggest barrier to entry for U.S. pet food to Taiwan continues to be the lingering ban on ruminant products from countries determined by 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.

Sub-Sector Best Prospects

[Return to top](#)

The growth in Taiwan's pet food market reflects a societal shift in attitude toward animals as pets: from feeding table scraps to stray animals to serving prepared pet foods to well cared for family companions. With rising incomes and strong western influences, dogs are now a symbol of affluence in Taiwan. Taiwan pet food imports are expected to continue to grow moderately over the next few years as pet ownership also increases.

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

Opportunities

[Return to top](#)

The long-term prospects for U.S. pet food exports to Taiwan point to more competitive but still favorable market conditions, with U.S. products expected to maintain a nearly 40% market share. U.S. pet food brands are commonly viewed as being significantly higher quality, which is the primary reason that Taiwan pet owners are willing to pay higher prices. However, the recent entry of lower-priced pet food imported in significantly larger volumes from Thailand and other Southeast Asian countries is anticipated to impact U.S. pet food market share. These pet foods, generally sold with locally-applied private labels, are mainly marketed through supermarket/hypermarket stores.

Web Resources

[Return to top](#)

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

Taiwan Pet Food Report (TW8041):

<http://www.fas.usda.gov/gainfiles/200807/146295236.pdf>

Taiwan Exporter Guide 2012 (TW12051):

[http://gain.fas.usda.gov/Recent GAIN Publications/Exporter Guide_Taipei ATO_Taiwan_12-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-20-2012.pdf)

Food and Agricultural Import Regulations and Standards (TW12049):

[http://gain.fas.usda.gov/Recent GAIN Publications/Food and Agricultural Import Regulations and Standards - Narrative_Taipei_Taiwan_12-18-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards_-_Narrative_Taipei_Taiwan_12-18-2012.pdf)

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

http://www.aphis.usda.gov/regulations/vs/iregs/products/product_taiwan_dog_cat_food.shtml

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

7. Pork & Pork Variety Meats

Overview

[Return to top](#)

Unit: metric tons

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	\$954,240	\$941,888	\$914,500	\$927,000
Total Local Production	864,792	877,628	842,500	850,000
Total Exports	4,617	3,961	3,000	3,000
Total Imports	94,065	68,221	75,000	80,000
Imports from the U.S.	29,034	20,576	25,000	30,000

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

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

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

Imports of U.S. pork were disrupted in 2007 due to the detection of ractopamine, a feed ingredient that is approved for use with pigs in the United States and many other countries but not approved for use in Taiwan. Continuing uncertainty about this issue has allowed Canada to replace the United States as the leading exporter of pork to Taiwan. Pork products from EU countries also threaten U.S. market share. In fact, Taiwan's combined imports of pork from the Netherlands, Denmark, Hungary and Sweden accounted for 30% of total import volume in 2012 - equal to the U.S. market share. Larger domestic supplies in 2012 also impacted this market to a minor extent; however, local pork production is expected to decline in 2013 due to lower hog numbers as a result of continuing high feed prices.

NOTE: Estimated imports of U.S. pork for 2013 and 2014, as reflected in the table above, depend on the resolution of the ongoing dispute over Taiwan's enforcement of the ban on ractopamine in pork.

Sub-Sector Best Prospects

[Return to top](#)

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

Opportunities

[Return to top](#)

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

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

Web Resources

[Return to top](#)

For current information on export requirements for Taiwan:

http://www.fsis.usda.gov/regulations_&_policies/Taiwan_Requirements/index.asp

Taiwan Exporter Guide 2012 (TW12051):

[http://gain.fas.usda.gov/Recent GAIN Publications/Exporter Guide_Taipei ATO_Taiwan_12-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-20-2012.pdf)

Food and Agricultural Import Regulations and Standards (TW12049):

[http://gain.fas.usda.gov/Recent GAIN Publications/Food and Agricultural Import Regulations and Standards - Narrative_Taipei_Taiwan_12-18-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards_-_Narrative_Taipei_Taiwan_12-18-2012.pdf)

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

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

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

8. Poultry Meat

Overview

[Return to top](#)

Unit: metric tons

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	787,653	759,977	759,000	760,500
Total Local Production	680,613	633,000 *	630,000	630,000
Total Exports	6,027	3,569	4,000	4,500
Total Imports	113,067	130,546	133,000	135,000
Imports from the U.S.	100,688	115,102	118,000	120,000

*Official production number is not yet available. The number was estimated by AIT's Agricultural Trade Office based on the number of birds processed in 2012.

Source: Council of Agriculture, Global Trade Atlas

Generally, Taiwan's rate of self-sufficiency for poultry products is over 80%. The United States and Canada are the major two poultry product suppliers for Taiwan, with the United States accounting for nearly 90% of the import market over the past three years. Taiwan's imports of U.S. poultry meat in 2012 rose 15% by volume to reach a record high of 115,102 metric tons with a total value of US\$169 million, and imports in the first two months of 2013 reached 23,000 metric tons, up 6.45% over the same year-ago period.

Taiwan's WTO special safeguard (SSG) for chicken wings and legs was triggered in September 2012 when total imports of these products reached 101,091 metric tons. The SSG for this category is expected to be activated again in 2013 when the total import volume of these cuts exceeds the SSG of 104,455 metric tons.

Sub-Sector Best Prospects

[Return to top](#)

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

Opportunities

[Return to top](#)

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

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

Web Resources

[Return to top](#)

For current information on export requirements for Taiwan:

http://www.fsis.usda.gov/regulations_&_policies/Taiwan_Requirements/index.asp

Taiwan Exporter Guide 2012 (TW12051):

[http://gain.fas.usda.gov/Recent GAIN Publications/Exporter Guide_Taipei ATO_Taiwan_12-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-20-2012.pdf)

Food and Agricultural Import Regulations and Standards (TW12049):

[http://gain.fas.usda.gov/Recent GAIN Publications/Food and Agricultural Import Regulations and Standards - Narrative_Taipei_Taiwan_12-18-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Taipei_Taiwan_12-18-2012.pdf)

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

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

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

9. Ready-to-use Processed Foods/Ingredients

Overview

[Return to top](#)

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

HS Code 2103: Sauces/Condiments

Unit: USD thousands

	2011	2012	2013* (estimated)	2014 (estimated)
Total Local Production	NA	NA	NA	N/A
Total Exports	\$48,841	\$55,038	\$54,500	\$55,000
Total Imports	81,358	85,198	85,000	86,000
Imports from the U.S.	11,837	11,588	12,000	13,000
Exchange Rate: 1 USD	30.0	29.5	29.5	29.5

* Annual totals estimated based on available trade data

Source: Directorate General of Customs, Taiwan Ministry of Finance

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

Unit: USD thousands

	2011	2012	2013* (estimated)	2014 (estimated)
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	\$2,433	\$1,817	\$2,000	\$2,000
Total Imports	101,247	102,690	104,000	105,000
Imports from the U.S.	15,141	16,977	17,500	18,000
Exchange Rate: 1 USD	30.0	29.5	29.5	29.5

* Annual totals estimated based on available trade data

Source: Directorate General of Customs, Taiwan Ministry of Finance

Sub-Sector Best Prospects

[Return to top](#)

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

Sauces/Condiments

Other examples of ready-to-use products are sauces/condiment preparations, especially tomato-based products such as ketchup and sauces and mustard flour/meal, which are readily used in the local food service sector. In 2012, Japan led the overall market with a 52% market share followed by the United States (14%), China (7%), Hong Kong (6%), Thailand (5%), Malaysia (2%), and Italy (2%).

Coffee

Taiwan's seemingly insatiable demand for coffee continues to grow at a rapid pace. Local coffee production is also on the rise, but much of the domestic coffee bean output is consumed on the island by tourists visiting coffee farms. Still official data shows that Taiwan coffee (bean) exports are also growing. Regarding imports, in 2012, Indonesia was the leading supplier of coffee to Taiwan with 18% market share, followed by Brazil

(17%), the United States (17%), Guatemala (8%), Colombia (5%), Vietnam (5%), Italy (4%), and Malaysia (3%).

Opportunities

[Return to top](#)

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

Web Resources

[Return to top](#)

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

HRI Food Service Sector

[http://gain.fas.usda.gov/Recent GAIN Publications/Food Service - Hotel Restaurant Institutional_Taipei ATO_Taiwan_6-25-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional_Taipei%20ATO_Taiwan_6-25-2012.pdf)

Taiwan Gift Pack Market

[http://gain.fas.usda.gov/Recent GAIN Publications/Gift Pack Market _Taipei ATO_Taiwan_7-5-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Gift%20Pack%20Market_Taipei%20ATO_Taiwan_7-5-2011.pdf)

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

[http://gain.fas.usda.gov/Recent GAIN Publications/7-Eleven Set to Replace McDonald's as Taiwan's Largest Foodservice C_Taipei_Taiwan_3-26-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/7-Eleven%20Set%20to%20Replace%20McDonald's%20as%20Taiwan's%20Largest%20Foodservice%20Chain_Taipei_Taiwan_3-26-2013.pdf)

Taiwan Exporter Guide 2012 (TW12051):

[http://gain.fas.usda.gov/Recent GAIN Publications/Exporter Guide_Taipei ATO_Taiwan_12-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-20-2012.pdf)

Food and Agricultural Import Regulations and Standards (TW12049):

[http://gain.fas.usda.gov/Recent GAIN Publications/Food and Agricultural Import Regulations and Standards - Narrative_Taipei_Taiwan_12-18-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards_Taipei_Taiwan_12-18-2012.pdf)

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

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

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

10. Softwood and Treated Lumber

Overview

[Return to top](#)

Unit: Cubic Meters

	2011	2012	2013 (estimated)	2014 (estimated)
Total Local Production	17,652	21,341	23,000	25,000
Total Exports	10,380	9,400	9,000	9,000
Total Imports	850,638	810,851	870,000	900,000
Imports from the U.S.	164,280	161,773	180,000	200,000

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

Taiwan has banned all logging in "natural" timber stands (whether virgin or re-growth); hence the market relies heavily on imports for all kind of wood applications. The United States is Taiwan's second-largest softwood and treated lumber supplier following Canada. Total softwood and treated lumber Taiwan imported from the United States in 2012 reached US\$38.2 million, nearly doubling imports in 2007 (US\$19.8 million). Of the products in this category, Southern Yellow Pine and other pine species account for most of the export volume and value, making up more than half of total softwood and treated lumber imports. U.S. southern yellow pine products are well accepted and have many applications in Taiwan such as flooring, decks, fences, marinas, sidings, patio and mountain trails. More untreated U.S. southern yellow pine products were exported to Taiwan in the past two years due to cost concerns. Douglas Fir ranked second among U.S. softwood lumber exports to Taiwan, generating over US\$3 million in mill production value.

Softwood and treated lumber imports to Taiwan fell slightly in 2012 by 4.8% due to higher lumber demands in the U.S. and Canada. Taiwan imports of U.S. softwood and treated lumber in the first two months of 2013 were up a strong 28% over the pace of last year. Imports under this category are expected to recover and exceed pre-recession levels.

Sub-Sector Best Prospects

[Return to top](#)

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

In addition, after many years of negotiations and consultations, the Taiwan Construction and Planning Agency of the Ministry of Interior announced on October 31, 2008, a working set of fire code regulations for wood frame construction. The Ministry's building research institute has also reviewed all sectors of the building codes related to wooden construction and is to propose an amendment in response to industry's request for better

integrated building codes for wooden construction. In addition, Taiwan's National Center for Research on Earthquake Engineering is also working with U.S. industry associations to conduct research on seismic codes for wooden construction. The authorities' endeavors should result in a significant increase in the use of wood products in Taiwan construction/housing projects in the future.

To reflect the building/construction authority's green building policies, the forestry authority also hopes to revise the building regulations for National parks, limiting the number of buildings and using only wood structure designs.

Opportunities

[Return to top](#)

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

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

Web Resources

[Return to top](#)

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

11. Tree Nuts

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	\$656	\$729	\$750	\$780
Total Imports	90,593	103,765	114,150	123,300
Imports from the U.S.	43,400	56,688	62,350	68,600
Exchange Rate: 1 USD	29.5	29.5	29.5	29.5

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

Sub-Sector Best Prospects

[Return to top](#)

Taiwan imports of tree nuts jumped 14.5% to an all-time high of US\$103 million in CY 2012. Of this total, the United States retains a 55% market share, valued at US\$56.7 million. The increase is partly the result of higher prices but also reflects growing demand from the food processing sector, particularly for powdered drink production.

Opportunities

[Return to top](#)

Although Taiwan does not produce tree nuts domestically, Taiwan's Department of Health has actively promoted the increased tree nut consumption as part of a healthy diet. This promotion has helped encourage the use of tree nuts across various food industry sectors. For instance, in the food processing sector, tree nuts are mostly used for snack foods and as food ingredients, while processed nuts are sold to packers, branded re-sellers or directly to grocery stores. Tree nuts are also being processed into powdered drinks, which local food manufacturers have promoted aggressively since 2012.

Moreover, while almonds and walnuts are widely used in the bakery sector, the use of pecans and hazelnuts is still relatively new and may require additional educational efforts. Traditionally, cashews have been the most popular snack variety, but almond sales have outperformed cashews due to increased media coverage of almond's high amino acid content. Whole almonds and/or cashews snacks are popular in a wide variety of flavors, such as salted, honey or mustard.

Web Resources

[Return to top](#)

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

Taiwan Tree Nuts Overview 2013 (TW13013):

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

Taiwan Exporter Guide 2012 (TW12051):

[http://gain.fas.usda.gov/Recent GAIN Publications/Exporter Guide_Taipei ATO_Taiwan_12-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-20-2012.pdf)

Food and Agricultural Import Regulations and Standards (TW12049):

[http://gain.fas.usda.gov/Recent GAIN Publications/Food and Agricultural Import Regulations and Standards - Narrative_Taipei_Taiwan_12-18-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Taipei_Taiwan_12-18-2012.pdf)

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

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

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

12. Wine & Spirits

Overview

[Return to top](#)

Wine

Unit: USD thousands

	2011	2012	2013* (estimated)	2014 (estimated)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	\$407	\$346	\$350	\$360
Total Imports	123,914	130,122	136,600	143,500
Imports from the U.S.	10,740	10,020	10,500	11,000
Exchange Rate: 1 USD	29.5	29.5	29.5	29.5

*Annual totals estimated based on available trade data

Source: Global Trade Atlas (HS code: 2204)

Spirits & Others

Unit: USD thousands

	2011	2012	2013* (estimated)	2014 (estimated)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	\$34,521	\$42,267	\$43,500	\$44,800
Total Imports	419,949	447,888	456,800	466,000
Imports from the U.S.	1,851	1,693	1,700	1,700
Exchange Rate: 1 USD	29.5	29.5	29.5	29.5

*Annual totals estimated based on available trade data

Source: Global Trade Atlas (HS code: 2208)

Sub-Sector Best Prospects

[Return to top](#)

Compared to the previous year, Taiwan imports of wine and spirits in 2012 increased by 6% due to a steady increase in demand for scotch whiskey.

In terms of product mix, whiskey retains the largest market share with an estimated 58% stake by value in 2012. Taiwan imports of whiskey increased by 5% in 2012 compared to 2011. The growth is attributed to the aggressive marketing push for premium single malt scotch. Wine accounts for 23% of wine and spirits imports by value.

While 2012 (grape) wine imports into Taiwan decreased in volume by 6% compared to 2011 because of the sluggish economy and limited gift-giving, 2012 imports of U.S. wine increased in value 5% over the previous year. Over the past two years, the consumer profile of Taiwan wine drinkers has extended to include young professionals. Entry-level wine drinkers prefer balanced red wines, while semi-sweet whites remains popular among female drinkers.

Opportunities

[Return to top](#)

American bourbon has great potential in this market but requires an aggressive campaign push to make an impact on the single malt scotch-focused market. UK suppliers have successfully held over 95% of the market share for many years. Long-

term education and promotional efforts by UK whisky experts have translated into established consumer preferences for single malt scotch as a status symbol, which is especially popular for premium gift-giving. According to domestic retailers, the market for single malt scotch is expected to continue to grow. American spirit producers should take advantage of this growing demand and appreciation in Taiwan for premium quality products by launching consumer education programs.

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

Web Resources

[Return to top](#)

Taiwan Exporter Guide 2012 (TW12051):

[http://gain.fas.usda.gov/Recent GAIN Publications/Exporter Guide_Taipei ATO_Taiwan_12-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-20-2012.pdf)

Food and Agricultural Import Regulations and Standards (TW12049):

[http://gain.fas.usda.gov/Recent GAIN Publications/Food and Agricultural Import Regulations and Standards - Narrative_Taipei_Taiwan_12-18-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Taipei_Taiwan_12-18-2012.pdf)

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

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

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

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 5: Trade Regulations, Customs and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

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

Taiwan continues to make unilateral improvements to its tariff structure on finished goods and raw materials. In 2011, the average nominal tariff rate for industrial products was 4.23% and 13.88% for agricultural products. The overall average nominal tariff rate for imported goods was 5.89% in 2011. 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

[Return to top](#)

There has been progress in the area of removing Technical Barriers to Trade (TBT). As a result of re-launch of the U.S. – Taiwan Trade and Investment Framework Agreement in March 2013, it was agreed that a bilateral TBT Working Group would be established to allow for greater information exchange and better communication and cooperation with regard to a range of specific regulatory issues. Both sides agreed that the TBT

Working Group would help to address U.S. industry concerns that some standards and labeling requirements are overly restrictive or different from international standards or best practices. These steps will help improve the business and investment climate and eliminate TBT impediments remaining in some areas, especially services, retail, pharmaceuticals, and medical device sectors. Rules on local licensing of professionals are cited as a barrier to foreign providers of some services. Foreign investors and multinational companies complain of lengthy, costly, and non-transparent regulatory approval processes particularly in the areas of medical devices, cosmetics and pharmaceuticals.

Import Requirements and Documentation

[Return to top](#)

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

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

Commercial invoices are required for all shipments and must show the import license number; FOB, C&F, or CIF value; insurance; freight; and discounts or commissions, if any. The commodity description and value shown on the commercial invoices must agree with those on the import license, if any. No requirements exist as to the form of a commercial invoice or a bill of lading. A packing list is required for all shipments if the number of cartons in the shipment exceeds two. In addition to the information generally included in a standard bill of lading, all marks and case numbers appearing on packages must be shown. Customs does not permit the grouping of marks or numbers on a shipment of mixed commodities. Most documents presented for use in customs clearance processing must be prepared in Chinese to avoid delays and expedite clearance processing.

U.S. Export Controls

[Return to top](#)

In addition to other U.S. government agencies, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of

designated “dual-use” commercial items. Dual-use items are defined as those having both commercial and potential military applications.

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

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

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

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

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

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

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

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

Temporary Entry

[Return to top](#)

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 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

[Return to top](#)

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 new regulations for organic products on January 29, 2009 and announced the COA's recognition of the USDA's National Organic Program (NOP) on March 18, 2009. Although the COA

recognized the USDA's NOP as equivalent, the COA maintains a zero tolerance for any detectable level of chemical residue on organic agricultural products in contrast to the NOP, which has a minimal tolerance for chemical residues resulting from incidental or drift contamination.

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

Prohibited and Restricted Imports

[Return to top](#)

In order to comply with its WTO commitments, Taiwan has eliminated more than 99.08% of its import controls on 10,918 official import categories. Currently, there are 101 product categories facing import restrictions. Of those categories, 15 require import permits from the Board of Foreign Trade (BOFT) and 86 are prohibited. Most of the permit-required categories are related to public sanitation and national defense concerns, and include some agricultural products and ammunition. In addition, Taiwan maintains a lengthy list of products that are banned if made in mainland China, including chocolate confectionary and meters for medical equipment. In April 2006, the Ministry of Economic Affairs (MOEA) lifted the ban on certain unfilled chocolate from 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 May 3, 2013, 8,916 categories or 80.85% of all import categories in the Taiwan tariff schedule can be imported from mainland China. Taiwan continues to review imports from mainland China and considers further relaxation once every six months or as requested by the business sector.

The Economic Cooperation Framework Agreement (ECFA), which was signed by Taiwan and mainland China in June 2010, includes a list of 267 goods permitted to enter Taiwan from mainland China with tariff reductions and exemptions. The list will be phased in over three years starting on January 1, 2011, with the goal of eliminating tariffs on all of the 267 items at the end of the three-year period. Taiwan still retains import bans on more than 2,000 products from mainland China. U.S. industry reports that these bans inhibit their regional supply chains, and prevent certain categories of goods produced in their mainland China-based facilities from entering Taiwan's market.

Starting May 19, 1998, Taiwan extended to all banned mainland China imports the same rules and regulations it applies to all other imports with regard to country of origin and value-added processing. In other words, banned goods from mainland China can be imported if it can be shown that they were primarily made elsewhere, and did not undergo substantial transformation in mainland China. The definition of "substantial

transformation" is value added exceeding 35% of the final export value of the goods. In addition, companies working in bonded facilities, enterprises located in export processing zones, and science-based industrial parks which produce wholly for export are permitted to import banned manufacturing components and raw materials from mainland China.

Customs Regulations and Contact Information

[Return to top](#)

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

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

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

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

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

Overview

[Return to top](#)

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 March 2013, BSMI has 14,548 national standards. Of these standards, 3,504 correspond with international standards, and the harmonization for 3,144 of them has been completed. The harmonization of Taiwan's national standards with international standards increased from 46 % in 2001 to 89.73% as of March 2013. The BSMI administers the CNS Market Certification System whereby products meeting standards are allowed to carry the CNS mark.

As of January 1, 2011, the Taiwan Food and Drug Administration (TFDA) has taken over from BSMI all necessary food safety inspection measures while the Bureau of Animal and Plant Health Inspection & Quarantine (BAPHIQ) continues to be responsible for inspection and quarantine for purpose of safeguarding animal and plant health. Taiwan's sanitary and phytosanitary (SPS) standards are generally different from U.S. standards or those established by international regulatory bodies such as the Office of International Epizootic (OIE) or the Codex Alimentarius. In some cases, these differences – more specifically, the absence of maximum residue level (MRL) standards for many agricultural chemicals in common use internationally – have resulted in mark disruptions and created uncertainty among U.S. exporters and Taiwan importers.

Standards Organizations

[Return to top](#)

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

[Return to top](#)

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 manufacture. The Declaration of Conformity (DoC) is the least trade restrictive conformity assessment procedure, and is currently applied only to low-risk products with stable manufacturing technology and few concerns of risk or danger. Under the DoC scheme, manufacturers may have testing done by BSMI designated laboratories, prepare their own technical documents, and draft the declaration of conformity themselves.

Currently, a total of 41 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

[Return to top](#)

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, 260 products are subject to EMC inspection, of which 148 are electrical items, and 112 are electronic products.

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

As a result of discussion with NIST in 2009, BSMI now recognizes 99 U.S. Conformity Assessment Bodies (CABs) to conduct product testing as described in the Asia-Pacific Economic Cooperation (APEC) Mutual Recognition Agreement. However, except for EMC, all the other safety related testing required by BSMI must be conducted in Taiwan.

Accreditation

[Return to top](#)

Taiwan Accreditation Foundation (TAF) is the island's sole body recognized by the Taiwan authorities for the accreditation of conformity assessment against international standards. Under the TAF, the Department of Certification Body Accreditation is responsible for executing and managing the assessment and accreditation of domestic certification bodies for quality management, product and personnel. As for the Department of Laboratory Accreditation, its main mission is to execute and manage the assessment and accreditation of laboratory inspection bodies and proficiency test providers.

Accreditation for labs is conducted on a voluntary basis. At present, TAF provides laboratory accreditation in four major categories -- calibration, testing, civil engineering, and medical -- with a total of 32 fields. So far, TAF has accredited over 1,400 laboratories in Taiwan. There are about 40 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 40 handling accreditation for commodities.

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

Publication of Technical Regulations

[Return to top](#)

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 U.S. The BSMI Information Center performs the functions of National Enquiry Point under the WTO TBT Agreement for other countries.

Labeling and Marking

[Return to top](#)

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

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

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

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

- Hazardous or dangerous in nature;
- Related to health and safety; and

- Having special characteristics or requiring special handling.

Contacts

[Return to top](#)

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

Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs
No. 4 JiNan Rd., Sec. 1, Taipei 100, Taiwan

Tel: 886-2-2343-1700

Fax: 886-2-2356-0998

Website: <http://www.bsmi.gov.tw>

Taiwan Accreditation Foundation

8F, No. 20 Nan-Hai Road, Taipei 10074, Taiwan

Tel: 886-2-2391-4626

Fax: 886-2-2397-1744

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

Ministry of Economic Affairs

No. 15 Fuzhou St., Taipei 10015, Taiwan

Tel: 886-2-2341-4986

Fax: 886-2-2391-9973

Website: <http://gcis.nat.gov.tw>

Trade Agreements

[Return to top](#)

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

Web Resources

[Return to top](#)

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

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

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

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

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

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

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Competition from State Owned Enterprises](#)
- [Corporate Social Responsibility](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Openness to Foreign Investment

[Return to top](#)

Strategically located in the center of the East Asian market, Taiwan is a critical hub for regional and global trade and investment. Expanded cross-Strait trade through the Economic Cooperation Framework Agreement (ECFA) signed with mainland China in 2010 improved Taiwan's investment climate. Inward foreign direct investment (FDI) increased by 3.3% during the first eleven months of 2012. The island's many science-based industrial parks, export processing zones, and free trade zones provide favorable trade and investment opportunities. However, continuing concern about the European debt crisis and lingering weak growth in its trading partners' markets affect Taiwan's economic performance. GDP growth in 2012 was 1.26%, down from 4.07% in 2011. The World Bank ranked Taiwan 16th out of 183 economies for "Ease of Doing Business" in its *Doing Business 2013* report, up from 25th the previous year.

Measure	Year	Index/Ranking
World Bank Doing Business	2013	16th
TI Corruption Index	2012	37th
Heritage Economic Freedom	2012	18th
Legatum Prosperity Index	2011	20th
WEF Global Competitiveness Report	2012	13th

Taiwan maintains a "negative" list of industries closed to foreign investment for security and environmental protection reasons, including public utilities, power distribution,

natural gas, postal service, telecommunications, mass media firms, and air and sea transportation. These account for less than one percent of manufacturing categories and less than five percent of service industries. Railway transport, freight transport by small trucks, pesticide manufacture, real estate development, brokerage, leasing, and trading are all open to foreign investment.

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

Regulations governing foreign direct investment principally derive from the Statute for Investment by Foreign Nationals (SIFN) and the Statute for Investment by Overseas Chinese (SIOC). These two laws permit foreign investors to use either foreign currencies or NT dollars. Since 2006, New Taiwan Dollar (NTD) loans obtained from local banks can serve as sources of foreign direct investment. Both the SIFN and the SIOC specify that foreign-invested enterprises must receive the same regulatory treatment accorded local firms. Foreign companies may invest in state-owned firms undergoing privatization and are eligible to participate in publicly-financed research and development programs.

Taiwan has been gradually relaxing restrictions on investments from mainland China as cross-Strait relations have improved. Since 2009, Taiwan has eased restrictions on investments from mainland China in three stages. Most of Taiwan's manufacturing industry and half of its services and public construction sectors are now open to Mainland investment. However, due to restrictions limiting percentage of ownership, and restrictions on Mainland investors' participation in Taiwan business operations, investment liberalization to date has not drawn significant interest from Mainland investors. Taiwan is currently considering a fourth stage of investment liberalization.

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

threaten national security, or; (4) would negatively impact domestic economic development.

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

Reports indicate that when the next phase of liberalization of Chinese investment in Taiwan arrives, MOEA plans to remove prohibitions on Chinese ownership of controlling stakes in seven key industries, including light emitting diodes (LED), IC assemblies, semiconductor manufacturing equipment, semiconductor packaging and testing, metal cutting tool machines, and solar batteries. MOEA proposes to impose a shareholding ceiling of 50 percent for Chinese investment in companies in these industries, and retain the mechanism for screening investment applications on a case-by-case basis.

Taiwan expects that these investment liberalization measures with the PRC will enhance bilateral cooperation in forming cross-Strait industrial supply chains. As of November 2012, Taiwan approved 330 investment applications from mainland China totaling US\$351 million. In the banking industry, there are now two mainland banks (out of four which have qualified) that have established branches in Taiwan.

MOEA's Investment Commission (IC) screens applications for investment, acquisitions, and mergers. Ninety-five percent of projects that are not on the negative list will generally obtain approval within three working days. Specifically, approval of projects with an investment value of less than NT\$500 million (US\$16.5 million) is generally granted within two working days at the IC division chief level. For investments between NT\$500 million and NT\$1 billion (US\$33 million) that are not on the negative list, approval authority rests with the IC Executive Secretary and normally are also granted within three working days. Approval of investments above NT\$1 billion or on the negative list requires three weeks or more, as these investments must be referred to the relevant supervisory ministries and require approval of the IC Chairman or IC Executive Secretary. Investments involving mergers and acquisitions require screening at the monthly meeting of an inter-ministerial commission.

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

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

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

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

Expropriation and Compensation

[Return to top](#)

No foreign-invested firm has ever been nationalized or expropriated in Taiwan. There are no reports of "creeping expropriation" or official actions tantamount to expropriation. Under Taiwan law, no venture with 45% or more foreign investment can be nationalized, as long as the 45% capital contribution ratio remains unchanged for a period of 20 years after the establishment of the foreign business. Expropriation can be justified only for national defense needs, in which case "reasonable" compensation must be provided.

Dispute Settlement

[Return to top](#)

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

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

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

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

Performance Requirements and Incentives

[Return to top](#)

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

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

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

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

Right to Private Ownership and Establishment

[Return to top](#)

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

Protection of Property Rights

[Return to top](#)

Taiwan is not a member of the World Intellectual Property Organization (WIPO) but adheres to key international agreements such as the Berne Convention and the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS). Reflecting Taiwan's IPR legal regime and enforcement advances, the Office of the U.S. Trade Representative (USTR) removed Taiwan from the Special 301 Watch List in 2009. The United States, however, continues to be concerned about a number of IPR issues in Taiwan, including the infringement of copyrighted material on the Internet, illegal textbook copying on university campuses and nearby businesses, inadequate protection for the packaging, configuration, and outward appearance (trade dress), end-user piracy

of software, signal theft of cable TV, corporate trade secret theft, and pharmaceutical patent protection limitations in Taiwan. The importation and trans-shipment of counterfeit products from mainland China is also a problem, as well as the collusion of some Taiwan companies in supplying components to mainland factories producing "Shanzhai" counterfeits (e.g., mobile phones, netbooks, and other electronic devices). The United States is actively working with the Taiwan authorities to address these issues.

The Pharmaceutical Law, as amended in 2004 and 2007, increased penalties for the production, distribution and sale of counterfeit medicines. In May 2011, the Legislative Yuan passed an amendment to the Trademark Law, which is modeled after the 2006 "Singapore Treaty on the Law of Trademark." The amendment keeps Taiwan's trademark law in line with international standards and expands IPR protections to trademarked goods by extending the scope of goods eligible for protection as trademarks, broadening the conditions in which infringement shall be deemed to have occurred, and strengthening customs enforcement mechanisms for trademarked goods. The amendment is designed to increase the protection of well-known trademarks and impose stronger penalties on infringers who sell fake commodities through the Internet and electronic media.

The Ministry of Economic Affairs' Intellectual Property Office (TIPO) and other relevant agencies have adopted programs to crack down on Internet and physical piracy. Examples include:

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

Regarding trade secret infringement, the Executive Yuan (EY) submitted an amendment to Taiwan's Trade Secrets Law to levy harsher penalties for corporate intellectual property theft, including a maximum five-year jail sentence and a NT\$50 million (US\$1.7 million) fine, with increased penalties -- including up to 10 years imprisonment -- for trade secrets taken to other countries, including mainland China. The Economic Committee of the Legislative Yuan passed the amendment in November 2012, which will proceed for legislative consideration in 2013. The amendment, however, contains no provisions to allow surveillance in trade secret theft investigations.

Transparency of Regulatory System

[Return to top](#)

Taiwan has a set of comprehensive laws and regulations regarding taxes, labor, health, and safety. In addition to tax incentives, Taiwan's science-based industrial parks and export processing zones have simple and transparent bureaucratic procedures for the

investment application process. Outside of these areas, the Department of Investment Services (DOIS) of the Ministry of Economic Affairs functions as the coordinator between investors and all agencies involved in the investment process. The Investment Commission of the MOEA is charged with reviewing and approving inbound and outbound investments.

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

Since January 2012, Taiwan employers are able to hire blue collar foreign workers online through a network system designed by the Council of Labor Affairs. This system is expected to save employers and foreign workers NT\$63,000 (US\$2,170) in administrative costs and will reduce the hiring process from an average of 3 months to 30 working days.

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

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

Efficient Capital Markets and Portfolio Investment

[Return to top](#)

Taiwan's capital market is mature and active. As of November 2012, 804 companies were listed on the Taiwan Stock Exchange (TAIEX). In July 2012, despite strong resistance from the business lobby, Taiwan's Legislative Yuan passed the amendments to introduce a capital gains tax on the sales of securities, effective January 1, 2013. The ratio of the market value of listed companies to GDP was 152.11% in 2012 according to the Taiwan Executive Yuan Financial Supervisory Commission. The market value of the listed companies in Taiwan was US\$697.2 billion as of November 2012. The transaction volume of Taiwan's securities and stock exchange market dropped from the previous year's US\$843 billion to US\$637 billion, and the turnover rate of the transaction volume decreased to 77.36% for the first 11 months of 2012 from last year's 112.3%. A wide variety of credit instruments, all allocated on market terms, are available to both

domestic- and foreign-invested firms. Legal accounting systems are largely transparent and consistent with international standards. The regulatory system is generally fair, though it tends to be conservative at times by Western standards. In recent years, foreign and domestic financial institutions have complained of an increasingly less-transparent decision-making process within the main financial regulatory body. Foreign portfolio investors are not subject to foreign ownership limits except in a limited number of industries.

In recent years, Taiwan authorities have taken a number of steps to encourage a more efficient flow of financial resources and credit. The limit on NT dollar deposits that a branch of a foreign bank may take has been lifted. Non-residents are permitted to open NT dollar bank accounts, though they are subject to capital-flow controls which limit each remittance to US\$100,000. There are no restrictions on residents opening bank accounts overseas. A freeze on new bank branches, designed to encourage consolidation in the banking industry, was removed in 2007, although both foreign and domestic banks still require case-by-case approval to open new branches. Foreign banks operating in Taiwan, however, have been asked to surrender their branch office license if they have established subsidiaries in Taiwan, in contravention of a prior understanding that foreign banks could keep both forms of operation. Restrictions on capital flows relating to portfolio investment have also been removed. The banking, insurance and securities industries have been liberalized to a certain extent and are open to foreign investment. Since 2012, Chinese banks have been allowed to acquire stakes of Taiwan banks, with a 10% ceiling on total PRC investment in a given Taiwan financial institution. Foreign institutional investors currently are allowed to enter Taiwan's market without restrictions. There is no minimum asset requirement. On-shore foreign investors are subject to annual capital flow limits of US\$5 million for an individual foreign investor and US\$50 million for an unregistered foreign company.

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

Since the mid-1980s, the financial sector as a whole has been steadily opening to private investment, although Taiwan continues to tightly regulate its banking system. The market share held by foreign banks was relatively small until five foreign banks and three foreign private equity funds completed their acquisitions of Taiwan banks in 2007 and 2008. Over the past decade, nine state-owned banks have been privatized. The only Taiwan-based reinsurance company was privatized in 2002. Banks that have some form of state ownership or control, including the three remaining banks wholly owned by the state, still dominate the banking sector and hold a market share of nearly 60% (see next section).

Competition from State Owned Enterprises

[Return to top](#)

Taiwan launched privatization programs in 1989 and has succeeded in turning over most of its state-owned enterprises (SOEs) to private industries. As of December 2011, Taiwan authorities still control twenty SOEs, including official agencies such as the

Central Bank, the Bureau of National Health Insurance, and the Export-Import Bank of the ROC, which have no private-sector competitors.

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

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

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

The Bank of Taiwan, one of Taiwan Financial Holdings Group's wholly-owned companies, is the island's largest bank in terms of assets. As of June 2012, the Bank of Taiwan and the Land Bank of Taiwan, also wholly owned by Taiwan Financial Holdings, accounted for 18% of Taiwan's domestic banks' total assets. Taiwan's ten banks with minority state shares, in addition to Bank of Taiwan and the Land Bank, jointly account for nearly 60% of the overall domestic banking assets. Most of these state-affiliated banks are large in scale compared to the purely private financial institutions, and some have been underperforming. In the second quarter of 2012, for example, the return on assets (ROA) for Bank of Taiwan was 0.22% lower than the domestic banks' average ROA of 0.74%, according to statistics from the Central Bank.

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

Corporate Social Responsibility

[Return to top](#)

The Taiwan authorities actively promote corporate social responsibility, which has been gaining support in Taiwan. The Ministry of Economic Affairs (MOEA) and the Financial Supervisory Commission have issued guidelines on ethical standards and internal control mechanisms in order to help businesses embrace responsibility for the impact of their activities on the environment, consumers, employees, and communities. MOEA

also maintains an online newsletter to publicize best practices and raise awareness of the latest CSR-related developments in Taiwan and abroad.

At the corporate level, foreign and local enterprises generally make an effort to follow accepted CSR principles such as the Organization for Economic Cooperation and Development's (OECD) Guidelines for Multinational Enterprises. Publishing regular CSR reports is an increasing trend among businesses, especially high-tech electronics companies. *Global Views Magazine*, one of Taiwan's most influential magazines, annually gives a CSR award to highlight companies that follow internationally accepted CSR standards and adopt transparent, environmentally conscious, and socially responsible practices. The award in 2012 went to domestic (Taiwan) firms: Taiwan Semiconductor Manufacturing Company, Delta Electronics Inc; Lite-On Technology Corporation; Taiwan Mobile Co.; and E. Sun Financial Holding Co.; Foreign recipients in 2012 included Intel Inc.; HSBC; Standard Chartered Bank; and Citibank.

Political Violence

[Return to top](#)

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

Corruption

[Return to top](#)

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

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

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

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed

information on the FCPA, see the FCPA Lay-Person's Guide at:
<http://www.justice.gov/criminal/fraud/>

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize "active bribery" of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic "passive bribery" (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website:
<http://www.ustr.gov/trade-agreements/free-trade-agreements>

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the American Institute in Taiwan (AIT) Commercial Section cannot provide legal advice on local laws, the AIT Commercial Section can provide assistance with navigating the host country's legal system and providing a list of local legal counsel.

Assistance for U.S. Businesses: The AIT Commercial Section offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the AIT Commercial Section can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. For the nearest U.S. Department of Commerce office closest to your business, the U.S. Export Assistance Center domestic offices of the U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. city, or through its Website at www.trade.gov/cs.

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

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

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

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

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

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

Taiwan formally became a member of the WTO Agreement on Government Procurement (GPA) in 2009. The Public Construction Commission (PCC) publishes all state procurement projects that require open bidding, in accordance with WTO transparency requirements. The Legislative Yuan in January 2011 passed the following additional amendments to the Government Procurement Act : (1) Procurements of technology, information, and professional services can be based on quality (i.e., the most advantageous bids), rather than price; (2) A GP data bank containing a list of individual prices of awarded construction tenders exceeding NT\$10 million (US\$331,400); and (3) Procurement agencies are required to use model contracts provided by PCC to reduce potential disputes.

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

The authorities generally investigate allegations of corruption and take action to penalize corrupt officials. From January to October 2012, prosecutors indicted 826 persons on various corruption charges, including 55 senior officials (department director level and above) and 17 elected officials.

Attempting to bribe or accepting a bribe from the Taiwan authorities constitutes a criminal offense, punishable under the Corruption Punishment Statute and the Criminal Code. The Corruption Punishment Statute also treats payment of a bribe to a foreign

official as a crime and makes such a bribe subject to criminal prosecution. The maximum penalty for a public official receiving a bribe is life imprisonment or a maximum fine of NT\$100 million (US\$3.3 million). For those attempting to bribe officials, the maximum penalty is seven years in prison and a fine of NT\$3 million (US\$99,400). In addition, the offender will be barred from holding public office. The assets obtained from acts of corruption are seized and turned over to either the injured parties or the Treasury.

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

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, should seek the advice of legal counsel.

Anti-Corruption Resources

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

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.

General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>.

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2012. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

[Return to top](#)

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

The terms of the 1948 Friendship, Commerce, and Navigation Treaty between the Republic of China (Taiwan) and the United States are still in force. Under its terms, U.S. investors are generally accorded national treatment and are provided with a number of protections, including protection against expropriation. Taiwan and the United States also have an agreement pertaining to investment guarantees that serve as the basis for the U.S. Overseas Private Investment Corporation (OPIC) program in Taiwan. The agreement, signed in 1952, is called the "Agreement Dealing with Guaranty of American Investment of Private Capital in Taiwan."

Representatives of the United States and Taiwan signed a bilateral Trade and Investment Framework Agreement (TIFA) in 1994 to serve as the basis for consultations on trade and investment issues. The TIFA talks were stalled since 2007 over Taiwan policies affecting U.S. beef exports to Taiwan. However, with progress having been made in this area, TIFA Council meetings resumed in March 2013.

OPIC and Other Investment Insurance Programs

[Return to top](#)

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

Labor

[Return to top](#)

Benefiting from the recovery following the global financial crisis in 2008 and 2009, Taiwan's unemployment rate continued to decline reaching 4.07% in April 2013, down slightly from the previous year. In the industrial sector, the number of blue-collar foreign workers increased from 235,802 in May 2012 to 249,810 as of May 2013.

There are no special hiring practices in Taiwan. Employees are typically paid at least a one-month bonus at the end of the lunar calendar year (January or February). Benefits often include meals, transportation, and dormitory housing or related allowances. A standard labor insurance program is mandatory. The program provides paid maternity leave, a lump-sum or annuity retirement plan, and other benefits. A new retirement system implemented in 2005 replaced a voluntary retirement scheme that still covers roughly 30% of the total labor force and, under the standard labor law, permits retirement at age 55 with 15 years of service. Employees hired after July 2005 must join the new system, which sets mandatory retirement at age 65. The new system also requires the employer to contribute six percent of an employee's monthly wage to accounts at designated banking institutions. The accounts follow the employees as they move from one employer to another. A universal national health insurance system, to which employers and employees must contribute, covers all Taiwan residents.

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

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

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

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

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

On December 14, 2012, the Legislative Yuan approved the amendment of the Act for the Establishment and Management of Free Trade Zones, which would exempt London Metal Exchange (LME)-certified non-ferrous metals at Taiwan's free trade zones from income tax through 2042. MOTC will seek approval from the LME for the Kaohsiung port to function as one of the LME-certified non-ferrous metal trading hub in Asia.

The Council for Economic Planning and Development (CEPD) is finalizing a proposal to establish "free economic demonstration zones" (FEDZ). The goal of building up these zones is to position Taiwan as an Asia-Pacific Free Trade Center, with each zone including one or more of the following regional centers: (1) a medical center for severe diseases and medical tourism; (2) an innovation and integration center for industries; (3) a logistics center; (4) a personnel training center; and (5) an agricultural transportation and sales center. Greater Kaohsiung has been targeted as the first FEDZ, after which any city or county administration could apply to establish additional zones. The FEDZ are expected to ease restrictions on labor recruitment, cash flow, land acquisition and market access for operations set up within the zones

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

At the end of November 2012, Taiwan's total stock of foreign direct investment stood at US\$120.5 billion (valued at historical cost). This represents about 26% of Taiwan's 2011 GDP. Total FDI inflows for the first eleven months of 2012, based on approvals, stood at US\$4.6 billion, or about 1% of 2011 GDP. As of December 2012, Taiwan's foreign exchange reserves amounted to US\$403 billion, the fourth-largest in the world.

Taiwan's strong reliance on exports has exposed the economy to fluctuations in global demand. Taiwan authorities' official GDP growth forecasts for 2012 were reduced due to the unexpected contractions in its export sector. Overall GDP in 2012 is expected to grow by a mere 1.13%, according to latest official forecasts. Inbound foreign direct investment approved from January to November of 2012 increased 3.28% year-on-year.

In recent years, foreign direct investment has shifted from capital-intensive high-tech industries to investments in the financial services sector. Approved direct investment in electronics industries (including electronic parts and components, computers, communications, semiconductor, TFT-LCD and other optical electronic products), which peaked at 48.2% as a percentage of FDI in 2006, declined steadily to 15.5% by 2011. In the first eleven months of 2012, nearly 82% of approved inbound direct investment in Taiwan's electronics industries came from the Netherlands, the United States, Singapore, and the British Territories in North America (BTA). Nearly 79% of approved inbound direct investment in the financial and insurance sectors came from Australia, Samoa, the United States, and the BTA.

According to official Taiwan statistics, approvals for U.S. investment from 1952 to 2011 totaled US\$22.4 billion (US\$15.8 billion according to official U.S. figures), or 19.3% of total foreign investment. These aggregate figures of investment stock are valued at historical cost. In the first eleven months of 2012, 60.6 percent of U.S. total investments in Taiwan went to the services sector. Approvals for Japanese investment from 1952 to 2010 amounted to US\$16.5 billion, or 14.8% of total foreign investment.

As the tables below indicate, significant FDI now flows from the tax havens of the British Territories in North America, which include a growing number of multinational corporations, including those with Taiwan roots. For the first eleven months of 2012, 62 percent of the investment from the BTA was directed towards financial services, real estate and wholesale and retail trade industries.

As a relatively open and liberal economy, Taiwan not only benefits from substantial foreign investment but also has significant investments overseas. According to balance-of-payments statistics compiled by the Central Bank, outbound direct investment has exceeded inbound direct investment every year since 1988. According to IC statistics, by 2011, cumulative approvals for outbound investments totaled US\$181.0 billion. The main recipient has been the PRC, which has received nearly 60% of Taiwan's outbound investment. Approved investments to mainland China almost doubled in 2010 compared to the previous year. As of the November 2012, Taiwan firms hold investments estimated in excess of US\$111 billion on the mainland, though some other estimates suggest the figures could be from US\$150 billion to US\$300 billion.

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

Taiwan's annual registered direct investment across the Taiwan Strait grew from US\$1.25 billion in 1999 to US \$13.1 billion in 2011. As a result of this trend, Taiwan factories in China produced slightly more than 50% of export orders received by Taiwan companies' headquarters by late 2010, up from 11.5% in early 2000. The ratio is closer to 85% for information technology (IT) firms. Mainland China, including Hong Kong, replaced the United States as Taiwan's largest export market since 2001, and its share of Taiwan's exports in the first eleven months of 2012 was 39.3%, compared to 11% for the United States and 9.5% for the European Union.

Table 1: Inward Foreign Investment Approvals by Year and by Area (1952-2011)
(Unit: US\$ million)

Year	U.S.A.	Japan	BTA*	Europe	Hong Kong	Others	Total
1952-89	3,067	2,983	341	1,312	1,198	2,049	10,950
1990	581	839	66	283	236	297	2,302
1991	612	535	60	165	129	277	1,778
1992	220	421	37	165	213	405	1,461
1993	235	278	38	214	169	279	1,213
1994	327	396	76	245	251	336	1,631
1995	1,304	573	151	338	147	412	2,925
1996	489	546	417	198	267	544	2,461
1997	491	854	659	407	237	1,618	4,267
1998	952	540	711	371	275	890	3,739
1999	1,145	514	1,216	462	161	734	4,231
2000	1,329	733	2,300	1,213	271	1,762	7,608
2001	940	685	1,397	1,184	145	778	5,129
2002	600	609	803	612	66	582	3,272
2003	687	726	920	644	45	555	3,576
2004	361	827	897	965	192	710	3,952
2005	804	724	1,094	685	104	817	4,228
2006	883	1,591	1,786	7,510	119	2,080	13,969
2007	3,148	1,000	2,396	7,096	209	1,512	15,361
2008	2,857	440	1,220	2,139	377	1,199	8,232
2009	264	239	1,103	2,085	277	830	4,798
2010	319	400	1,059	1,231	168	635	3,812
2011	738	445	1,129	716	399	1,528	4,955
1952-2011	22,363	16,897	19,875	30,244	5,656	20,850	115,885

Source: Investment Commission

* British Territories in America

Table 2: Inward Foreign Investment Approvals by Industries (1952-2011)

Industry	Million of US dollars	%
Financial and Insurance	25,857	21.46%
Electronic Parts and Components	17,221	14.3%
Wholesale and Retail Trade	11,839	9.8%
Financial Holding Industry	7,334	6.09%
Computers, Electronic & Optical Products	6,390	5.3%
Electricity Equipment	5,889	4.9%
Information and Communications	6,077	5.0%

Table 3: Outbound Investment Approvals by Year and by Area (1952-2010)

(Unit: US\$ million)

Year	China	BTA	U.S.A.	ASEAN*	Others	Total
1952-89	N/A	76	865	429	155	1,525
1990	N/A	170	429	567	386	1,552
1991	174	268	298	720	370	1,830
1992	247	239	193	309	146	1,134
1993	3,168	194	529	434	504	4,829
1994	962	569	144	398	506	2,579
1995	1,093	370	248	326	413	2,450
1996	1,229	809	271	587	498	3,394
1997	4,334	1,051	547	641	655	7,228
1998	2,035	1,838	599	478	381	5,331
1999	1,253	1,359	445	522	943	4,522
2000	2,607	2,248	862	389	1,578	7,684

Year	China	BTA	U.S.A.	ASEAN*	Others	Total
2001	2,784	1,693	1,093	523	1,083	7,176
2002	6,723	1,575	578	211	1,006	10,093
2003	7,699	1,997	467	298	1,207	11,668
2004	6,940	1,155	557	966	704	10,323
2005	6,002	1,262	315	264	606	8,449
2006	7,375	1,822	485	1,065	943	11,690
2007	9,676	1,578	1,346	2,094	1,451	16,145
2008	19,843	1,686	400	1,380	1,001	14,309
2009	6,059	544	1,114	401	947	9,064
2010	12,230	568	491	1,082	682	15,053
2011	13,100	800	730	1,119	1,048	16,797
1952-11	111,698	23,872	13,004	15,205	17,213	180,992

Source: Investment Commission

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

Table 4: Outbound Investment Approvals by Industries (1952-2010)

Industry	Millions of US dollars	%
Financial and Insurance	22,565	29.3%
Financial Holding Industry	13,542	17.6%
Electronic Parts and Components	8,969	11.6%
Wholesale and Retail Trade	5,668	7.4%
Computers, Electronic & Optical Products	3,089	4.0%
Textiles	2,399	3.1%
Information and Communications	2,400	2.1%

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

Table 5: Major U.S. Investors in Taiwan

U.S. Investor/Local Investment	Major Products
Amkor Technology Ltd./Amkor Technology Taiwan	Integrated circuit packaging and testing
Hewlett-Packard Taiwan Ltd.	Servers and personal computers

Corning Inc./Corning Glass Taiwan Co., Ltd.	Substrate glass for TFT/LCD
GTE-Verizon/Taiwan Fixed Network Telecom Taiwan Cellular Corp.	Fixed-line and mobile phone service
Carlyle Group/Eastern Technology Ta Chong Commercial Bank	Banking
Ensite Limited (Ford Motor)/Ford Lio Ho Motor Co.	Autos
Texas Instruments Inc./Texas Instruments Taiwan Ltd.	Semiconductors
E.I. Dupont De Nemours/Dupont Taiwan Ltd.	Industrial, electronic, agricultural goods
IBM Corp./IBM Taiwan Ltd.	Computers: sales & service
UPS International/UPS, Taiwan Branch	Worldwide express service
Intel Inc./Intex. Co.	ADSL chipset
Applied Materials Ltd./Applied Materials Taiwan Ltd.	Semiconductor manufacturing equipment
GE Consumer Finance/Cosmos Bank	Banking
Jabil Circuit Inc./Taiwan Green Point Enterprise Co.	Telecom components
Citibank/Citibank (Taiwan) Bank of Overseas Chinese	Banking
Oaktree Capital Management Co./Fu Sheng Industrial Co.	Golf club head and compressor
Fairchild Semiconductor Co./System General Corp.	Power management products
Qualcomm International Inc./Qualcomm (Taiwan branch) and Qualcomm Panel Display Manufacturing Co.	Sales service/purchase/ and display panel production

Web Resources

[Return to top](#)

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

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

Department of Investment Services, MOEA: <http://www.dois.moea.gov.tw>

Investment Commission, MOEA: <http://www.moeaic.gov.tw> (click on "English" in the far right corner of the home page).

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

Council of Labor Affairs, Executive Yuan: <http://www.cla.gov.tw>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

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 39 local banks (and their branch offices), six U.S. banks and their branches, and 22 third-country banks. All banks in Taiwan that are authorized to handle foreign exchange have correspondent relations with one or more U.S. banks.

How Does the Banking System Operate

[Return to top](#)

As of 2013, Taiwan has a Central Bank, 39 domestic banks (with 3,416 branch offices), and 28 foreign banks (with 49 branch offices). In addition, there are 24 credit cooperatives, 277 farmers' credit unions, and 25 fishermen's credit unions. These banks, cooperatives, and credit unions have traditionally played a dominant role in finance on the island.

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

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

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

Foreign-Exchange Controls

[Return to top](#)

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

U.S. Banks and Local Correspondent Banks

[Return to top](#)

U.S. Commercial Banks Operating in Taiwan

Bank of America

CEO: Eric Liu

43 and 48F, No. 7 Xin Yi Rd., Sec. 5 Taipei, Taiwan

Tel: 886-2-8101-1288

Fax: 886-2-8101-1130

<http://www.bankofamerica.com>

Citibank N.A.

Branch Manager: Audrey Chen

15F, No. 1, Song Zhi Road

Taipei, Taiwan

Tel: 886-2-8726-9821

Fax: 886-2-8786-7980

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

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

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

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

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

Major Local Correspondent Banks

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

Project Financing

[Return to top](#)

Taiwan does not rely on money from multilateral institutions to facilitate investment projects. In the public sector, the Taiwan authorities rely heavily on bond issuance to cover the huge outlays connected with construction of major public works. Beginning in 1997, some major public projects were opened to private investment on a build-operate-transfer (BOT) basis. Private investment projects can easily be financed through banks

on the island. Moreover, many Taiwan investors, especially large-sized companies, employ financial instruments (including corporate bonds) to raise funds in capital markets, both at home and abroad.

Web Resources

[Return to top](#)

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

Country Limitation Schedule: <http://www.exim.gov/tools/countrylimitationschedule/>

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

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

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

USDA Commodity Credit Corporation:
<http://www.fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=sao-cc>

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>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

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

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

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

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

Each foreign visitor can bring up to NT\$60,000, RMB\$20,000, and US\$10,000 into or out of Taiwan, and is required to declare amounts in excess of the above to customs when entering or departing the island. Foreign currency can be exchanged at the airport as well as authorized banks and hotels. As of 2012, there were over 3,200 authorized foreign exchange bank branches around the island.

Internationally recognized credit cards are accepted in many hotels, restaurants, and shops. There are well over 26,000 automated-teller machines around the island that can be found at banks, convenience stores, department stores, and other conveniently locations. Many of them participate in international ATM networks.

Travel Advisory

[Return to top](#)

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/travel/cis_pa_tw/cis/cis_1036.html

EMERGENCY TELEPHONE NUMBERS

Fire / Medical: 119

Police: 110

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

English Directory Assistance: 106

Visa Requirements

[Return to top](#)

Taiwan provides four major visa categories for foreign visitors depending on the length and purpose of the visit.

- **VISA FREE** --- U.S. citizens may visit Taiwan for up to 90 days without a pre-arranged visa, provided they have a passport valid for at least six months upon entry, a confirmed onward/return plane ticket with reservations off the island, and a visa for the next destination if applicable. Visa-exempt entry is only applicable to formal passports, not including emergency, temporary, other informal passports or travel documents. Visa-exempt entry cannot be converted to other types of visas. No extensions of stay are permitted under this program.
- **LANDING VISA** --- Holders of a U.S. passport with validity less than six months may apply for a Landing Visa upon arrival and may be admitted for up to 30 days. Landing visas cannot be converted to other types of visa. Holders of a U.S. passport with validity less than six months applying for visas upon arrival at the ports of entry in Taiwan shall be charged a special handling fee of about US\$140 plus an additional fee of US\$24. No extension of stay is allowed.
- **VISITOR VISA** --- A Visitor Visa is appropriate for tourism, business, or visiting relatives and may be obtained at a Taiwan representative office abroad. It is usually valid for five years and allows multiple entries for stays of up to ninety days. A holder of sixty or ninety days visas that do not bear the stamp "No Extension Will be Granted" may apply for a maximum of 120- or 90-day extensions at the local city/county police headquarters. A flow chart about Visitor Visa application is available at MOFA Bureau of Consular Affairs website at <http://www.boca.gov.tw>

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

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

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

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

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

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

Telecommunications

[Return to top](#)

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

Transportation

[Return to top](#)

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\$70 (about US\$2.3) 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 ten Mass Rapid Transit (MRT) lines in operation with a combined track length of 110 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\$1,490 (US\$49.6). 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

[Return to top](#)

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

Health

[Return to top](#)

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

[Return to top](#)

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 2013
New Year's Day	January 1
Chinese Lunar New Year	February 9-17
Peace Memorial Day	February 28
Tomb-Sweeping Day	April 4-5
Dragon Boat Festival	June 12
Mid-Autumn (Moon) Festival	September 19-20
Double Tenth/National Day	October 10

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

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

- Each person, 20 or over in age, may bring in alcoholic beverages (1,000 cc or less without limitation on the number of bottles), plus 200 cigarettes, or 25 cigars or one pound of tobacco.
- Articles that are already owned and used by the passenger abroad, and their customs value does not exceed NT\$10,000 (about US\$330) for each piece.
- Other articles for personal use (not including the articles mentioned above) if their total customs value does not exceed NT\$20,000 (about US\$665) for each passenger.

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

More information is available at the website:

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

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

Web Resources

[Return to top](#)

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

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

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1036.html

Business travelers to Taiwan seeking appointments with the 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

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

American Institute in Taiwan (AIT)

Commercial Section

Chief: Helen Hwang

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

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

Fax: 886-2-2757-7162

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

Agriculture Trade Office

Director: Hoa Huynh

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

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

Fax: 886-2-2706-4885

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

Agriculture Section

Chief: Garth Thorburn

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

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

Fax: 886-2-2162-2238

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

Economic Section

Chief: Joshua Cartin

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

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

Fax: 886-2-2162-2240

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

Washington, D.C.-Based Country Contacts

U.S. Department of Commerce

Trade Information Center

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

Tel: 1-800-USA-TRADE

Fax: 202-482-4473

Website: <http://export.gov>

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

U.S. Department of Commerce
US & Foreign Commercial Service, East/Asia Pacific
Regional 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: Ian Clements and Shalizeh Nadjmi
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: Kenneth C.M. Lo
13F, No. 390 Fuxing S. Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2707-0111

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

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

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

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

Taiwan Agencies

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

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

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

Financial Supervisory Commission (FSC)
Chairman: Chen, Yuh-chang
18F, No. 7 Sianmin Blvd., Sec. 2, Banciao City, Taipei County, Taiwan
Tel: 886-2-8968-0899

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

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

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

Department of Health (DOH)
Minister: Chiu, Wen-ta
No. 36 Tacheng St., Taipei, Taiwan
Tel: 886-2-8590-6666
Fax: 886-2-8590-6051
Website: <http://www.doh.gov.tw>

Environmental Protection Administration (EPA)
Minister: Shen, Shu-hung
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: Chen, Jay-san
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>

Market Research

[Return to top](#)

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

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

Trade Events

[Return to top](#)

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

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

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.

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

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

To learn more about the AIT Commercial Section and the U.S. Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services AIT Commercial Section offers to U.S. exporters for the Taiwan market, please click on the following link:

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

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

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

[Return to table of contents](#)