



Doing Business in Taiwan:

2010 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Taiwan

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Market Overview

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Taiwan, a small mountainous island with a population of 23 million and few natural resources, has become a high-tech powerhouse that boasts the world's nineteenth largest economy in terms of purchasing power parity (PPP). It is a major trading partner of the United States and the 11th largest export market for the U.S. both in agricultural and non-agricultural products. Per capita GDP and household disposable income rank among the highest in Asia, making Taiwan an attractive consumer goods market despite its relatively small population. As a result of the global economic slowdown, Taiwan's GDP contracted by 2.53% in 2009. With recent economic recovery, Taiwan forecasts a 4.39% growth rate for 2010.

Taiwan's imports are dominated by raw materials and capital goods, which account for more than 90% of the total. Taiwan imports a wide variety of electronics, optical and precision instruments, information and communications products, transportation equipment, machinery, and electrical products. It also imports coal, oil and gas to meet most of its energy needs. In 2009, China (including Hong Kong) accounted for 28.8% of Taiwan's total trade, and 14.6% of Taiwan's imports. Japan was Taiwan's second-largest trading partner with 13.4% of total trade, including 20.65% of Taiwan's imports. The U.S. is now Taiwan's third-largest trade partner, taking 11.6% of Taiwan's exports and supplying 10.3% of its imports. Taiwan's high-tech sector relies heavily on technology licenses and imports of specialty components from the United States. Please see Chapter 4 for details of the best prospects for U.S. exporters.

Market Challenges

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Taiwan is a sophisticated consumer market. Plugged into consumer trends in Japan and Korea, awash in products from mainland China and other lower-cost producers in Asia, and well aware of market developments in America and around the globe, Taiwan is generally a target market for high-quality, differentiated products rather than commodity items.

At the same time, it is generally a very price-sensitive market, and imported products must conform to certain standards and labeling regulations required of all products in this market. Generally, a local agent will assist with this. Details of Taiwan's standards regime are provided in Chapters 5 of this report.

A special concern of American firms over the past few decades has been the protection of intellectual property rights (IPR). With accession to the World Trade Organization in

2002, the passage of IPR legislation, and improved enforcement on the streets and sentencing in the courts, there is general agreement that IPR protection has improved noticeably in the past few years. However, the United States continues to be concerned about a number of IPR issues in Taiwan, including the availability of counterfeit pharmaceuticals, infringement of copyrighted material on the Internet, illegal textbook copying, and the level of protection for the packaging, configuration, and outward appearance of products (trade dress). The U.S. is actively working with the Taiwan authorities to address these issues. Chapters 3 and 6 provide additional information on this topic.

Market Opportunities

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Chapter 4 of this Guide lists the leading export sectors (both agricultural and non-agricultural) for U.S. companies. The fact that Taiwan is the America's 11th largest export market despite its small size indicates a general openness to U.S. products and services. Taiwan's accession to the World Trade Organization (WTO) in 2002 and the WTO Government Procurement Agreement in 2009 led to further dismantling of non-tariff barriers and a general lowering of the remaining tariffs.

These actions further enhance U.S. opportunities in this market, which break down generally into high-value-added components and other inputs for the high-tech manufacturing sector (e.g., electronic production and test equipment, petrochemical products); food and other agricultural products; and "American lifestyle" goods and services sought by Taiwan's affluent population, running the gamut from luxury consumer goods to healthcare products.

Market Entry Strategy

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Most new-to-market exporters entering Taiwan begin by finding a local partner to serve as agent, distributor, and/or representative. The Commercial Section of the American Institute in Taiwan can offer assistance in locating pre-qualified partners, agents, and distributors, and can also answer many of your questions regarding doing business in Taiwan. Further information on considerations involved in choosing and working with local partners is given in Chapter 3.

Taiwan's banking and international remittance systems are well developed, and there are no foreign exchange regulations that would significantly hamper a U.S. exporter from getting paid. Irrevocable letters of credit are widely used and "L/Cs" from leading Taiwan financial institutions can generally be confirmed by U.S. banks. More information is provided in Chapter 7.

One characteristic of Taiwan's economy is the relative importance of small and medium sized enterprises (SMEs). While Taiwan does have large state-owned enterprises (now moving towards privatization in some sectors), and has produced some very large private companies such as the Formosa Group and Taiwan Semiconductor Manufacturing Company, the vast majority of firms on the island employ fewer than 200 people. SMEs are quite active in trading as well as manufacturing, and offer a large pool of prospective agents, distributors, and representatives that can capably represent U.S. companies in Taiwan.

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Chapter 2: Political and Economic Environment

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

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

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Using an Agent or Distributor

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Most foreign firms gain their initial foothold in the Taiwan market by using a local agent. Many Taiwan firms prefer the partnering aspect of an agent relationship. Although some companies are willing to act only as distributors, there is concern that foreign firms that are merely seeking distributors may not be serious about the market and will not support their distributors. Some U.S. exporters that sell equipment or machinery may find it necessary to locate a partner willing and able to do some assembly or manufacturing in Taiwan. Although not necessarily formal joint ventures, these efforts require a higher degree of commitment to the market than simply selling through an agent. If the size of the market warrants, companies may wish to consider setting up a branch office or subsidiary in Taiwan. Taiwan welcomes foreign investment and establishing an office in Taiwan is relatively easy, although procedures are sometimes bureaucratic.

The U.S. Commercial Service in Taiwan 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 (including market research, agent distributor searches, advocacy, trade missions, and trade shows) to assist U.S. companies entering the Taiwan market. Please contact us at Tel: 886-2-2720-1550, Fax: 886-2-2757-7162, Email taipei.office.box@mail.doc.gov Information is also available at: <http://www.buyusa.gov/taiwan/en>.

The first step in using these services is contacting an Export Assistance Center in the United States. A comprehensive list of U.S. Export Assistance Centers (USEAC) can be

found at <http://www.buyusa.gov>. These offices can help U.S. exporters determine which service is most suited to their export needs.

Establishing an Office

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Establishing a subsidiary, branch, or representative office in Taiwan is generally not particularly burdensome. However, there are a number of structures and issues to consider, and an array of forms and procedures to complete. In addition, a Chinese name is required. Consultations with reputable local attorneys or accountants are strongly recommended in order to identify the key issues relevant to each business and to complete all the necessary steps for establishing 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> and <http://www.moeaic.gov.tw>.

The U.S. Commercial Service in Taiwan maintains an online listing of local professional service providers, including local attorneys, accountants, consultants, and other professionals. The listing can be found at <http://www.buyusa.gov/taiwan/en/businessserviceproviders.html>.

Franchising

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In recent years, franchise operations in Taiwan have continued to expand. 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 franchises have all sprung up in Taiwan. However, over the past year, Taiwan's investors have become more conservative in adopting new foreign franchises. This is due to the high capital investment required by foreign franchise operators and the 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 management best practices, system 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 is no specific body of law that regulates franchising in Taiwan. Franchise agreements are generally subject to the Civil Code with some regulated by the Fair Trade Law. The laws, regulations and practices concerning the intellectual property aspects of international franchising are the same as those of domestic franchising regardless of whether the transaction involves a foreign entity or is a purely domestic arrangement.

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

Direct Marketing

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Online shopping and TV shopping has become very popular in Taiwan in recent years, and these channels reached sales revenue of \$94.4 billion and \$1.6 billion respectively in 2009. These sales channels have attracted consumers by providing competitive prices, safe transactions, and convenience.

Multi-level marketing has become a popular second job in Taiwan, which is ranked the ninth in the world in terms of multi-level marketing sales volume. Recent figures indicate that there are approximately 4.5 million people working for multi-level sales businesses in Taiwan, which specialize primarily in healthcare, skin care products, and household items.

Joint Ventures/Licensing

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

Selling to the Government

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Taiwan acceded to the World Trade Organization's (WTO) Government Procurement Agreement (GPA) in July 2009. Taiwan estimates over 2,000 procurement cases per year are covered by the WTO GPA, with a total value of approximately USD \$6.0 billion. In 2009, Taiwan's total government procurement market was valued at more than USD \$20 billion.

According to Taiwan's GPA Agreement, U.S. firms will now compete on equal terms with domestic firms when government tenders for covered entities under the Agreement meet or exceed the following threshold values:

- Federal government contracts valued at over \$194,000 for goods and services and approximately \$7.45 million for construction services.
- State-level government contracts valued at over \$296,000 for goods and services and approximately \$22.2 million for construction services during the first year after the Agreement goes into effect. The construction services threshold will drop to \$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 \$593,000 and construction services valued at \$22.2 million for the first year. The construction services threshold will drop to \$7.45 million after the third year the Agreement is in effect and will remain at this level.

As a response to foreign company 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.

Distribution and Sales Channels

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

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The most important consideration for the majority of Taiwan buyers is price, which is also the most common complaint regarding U.S. goods. American businesses are frequently frustrated by the fact that most Taiwan firms do not factor in life-cycle costs when negotiating a purchase. Although attitudes are changing, most Taiwan firms will only pay a higher price for a product if they see a near-term payoff. The second and third most important considerations for Taiwan buyers are quality and after-sale service.

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

Electronic Commerce

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Taiwan's Internet infrastructure is very well developed and fully capable of supporting the development of electronic commerce, although relevant policies are still evolving. Over 90 percent of Taiwan's companies have corporate networks and a network infrastructure, and 5.8 million (or 76.1% of) households have access to the Internet. According to the Taiwan Institute for Information Industry, Internet sales are expected to increase by 30% from \$7.7 billion in 2008 to \$9.9 billion in 2009.

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 cope with identity theft, Taiwan passed the Computer-Processed Personal Data Protection Act in 2005.

Taiwan has not joined the United States in APEC to advocate for a permanent moratorium on taxation of Internet transactions, and 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). In addition to a business tax, the authorities discussed a proposal to assess import duties for software sold and downloaded over the Internet. If implemented, such a policy would appear to run counter to the Doha

Declaration that WTO members would maintain their current practice of not imposing customs duties on electronic transmissions.

Trade Promotion and Advertising

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Taiwan businesses are active in the global marketplace. They read trade journals from the U.S., 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 (usually in conjunction with the relevant industry associations). A local partner can give the best advice on where and how to advertise, but participation in major trade shows and advertisements in relevant Taiwan trade journals and industry newspapers are also important.

Information on trade shows in Taiwan can be obtained from 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. TAITRA-sponsored trade shows can be found at <http://www.taipeitradeshows.com.tw>. Most trade exhibitions in Taiwan are export-oriented. Some have a significant number of non-Taiwan exhibitors.

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

Commercial Times

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

Commonwealth

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

Economic Daily News

Website: <http://udn.com/UDN/UDNENGLISH/edn.html>

Management Magazine

Website: <http://managementmagazine.com.tw>

Business Weekly

Website: <http://businessweekly.com.tw>

Directory of Taiwan

Website:
<http://www.etaiwannews.com/dtn/index.php>

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

Leo Burnett

E-mail: office@leoburnett.com.tw

Ogilvy & Mather

E-mail: joseph.pai@ogilvy.com

Dentsu

E-mail: robinlee@dentsu.com.tw

McCann Erickson

E-mail: gary.chi@ap.mccann.com

The Commercial Service in Taiwan also 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. For further details, please see the CS Taiwan website: <http://www.buyusa.gov/taiwan/en>

Pricing

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

A five percent value-added tax (VAT) of the sales amount is imposed on all products and services sold in Taiwan. Products including rubber tires, cement, non-alcoholic beverages, oil and gas, certain electrical appliances, flat glass, and motor vehicles are subject to commodity taxes that range from eight percent to 30 percent ad valorem or other specific basis. In addition to customs duties, all imports are assessed a commercial harbor service charge, which is based on cargo weight and net ship tonnage.

Sales Service / Customer Support

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Taiwan's buyers, especially commercial and industrial product users, consider many factors when making purchase decisions. These factors include technical support, after-sales service, product performance, durability, software availability, and overall commitment. U.S. firms should, however, be aware of the fact that price is often paramount.

Protecting Your Intellectual Property

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Several general principles are important for effective management of intellectual property rights in Taiwan. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Taiwan than in the U.S. Third, rights must be registered and enforced in Taiwan under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. Government generally cannot enforce rights for private individuals in Taiwan. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary for securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG 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 partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Taiwan require constant attention. Work with legal counsel familiar with Taiwan laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

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

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

IPR Resources

A wealth of information on protecting IPR 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 <http://www.StopFakes.gov>.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: 1-202-707-5959.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: <http://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 IPR-infringing products) and allows you to register for Webinars on protecting IPR.

IPR Climate in Taiwan

Taiwan has continued efforts to improve its IPR legal regime and enforcement. The Intellectual Property Office (TIPO) under the Ministry of Economic Affairs as well as other relevant agencies have adopted programs to crack down on Internet and physical piracy. In January 2007, the Legislative Yuan passed the Intellectual Property Litigation Law, which stipulates that civil, criminal, and administrative litigation involving intellectual property rights will be tried in a special IPR court. In March 2007, the LY completed the legislation of the IP Court Organization Law for the establishment of a specialized IP court in July 2008.

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/economics/IPR_Toolkit.

Due Diligence

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Prior to entering into a relationship with an unknown Taiwan company, a U.S. firm would be wise to confirm the reputation of the company. Local attorneys and accountants can be excellent sources of information, as can trade associations.

The Commercial Service offers an International Company Profile (ICP) service to help U.S. firms with due diligence in Taiwan. For further details, please visit <http://www.buyusa.gov/taiwan/en>. Taiwan's privacy laws often make it difficult to collect background information on individuals.

Local Professional Services

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

Likewise, the major U.S. and global accounting firms and insurance companies have active offices in Taiwan. Any U.S. firms interested in entering the Taiwan market should make a point of meeting with these professional advisors. Not only can they provide advice on their specific areas of expertise, but also on a range of business and cultural matters. Up-to-date lists of professional firms may be obtained from the American Chamber of Commerce in Taiwan by e-mail (amcham@amcham.com.tw) or from their website (<http://www.amcham.com.tw>). The U.S. Commercial Service in Taiwan maintains an online listing of local professional service providers, including local attorneys, accountants, consultants, and other professionals. The listing can be found at <http://www.buyusa.gov/taiwan/en/businessserviceproviders.html>.

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

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

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

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

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

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

Commercial Sectors

- Electronic Components (ELC)
- Electronics Industry Production/Test Equipment (EIP)
- Computer Services & Software (CSV/CSF)
- Overseas Travel and Tourism (TRA)
- Industrial Chemicals (ICH)
- Education (EDU)
- Medical Devices & Supplies (MED)
- Electrical Power Equipment (ELP)
- Pet Products (PET)
- Telecommunications Equipment (TEL)
- Information Security Services (SEC)
- Sporting Goods (SPT)
- Pollution Control Equipment (POL)
- Pleasure Boats/Accessories (PLB)
- Books (BOK)
- Apparel (APP)

Agricultural Sectors

- Beef
- Pork
- Fresh Fruit
- Dried and Frozen Fruit
- Poultry (Ready to Cook)
- Ready-to-Use Ingredients
- Cheese
- Engineered Wood
- Chocolate and Other Candy
- Pet Food
- Wine and Spirits
- Fish and Seafood Products
- Ginseng

#1 - Electronic Components (ELC)

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	2008	2009	2010 (estimated)
Total Market Size	\$44,900	\$45,500	\$46,400
Total Local Production	64,100	66,000	67,300
Total Exports	48,100	50,000	51,000
Total Imports	28,900	29,500	30,100
Imports from the U.S.	2,900	2,960	3,020

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

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. Taiwan's push to maintain its international competitiveness will continue to drive the demand for U.S. imports of advanced technologies. The majority, 65%, of local demand for electronics components are for information and communications product applications. U.S.-made semiconductors, especially integrated circuits, are very competitive. U.S. firms face stiff competition from Japanese and Korean companies, which lead the passive component and display market sectors. Taiwan-produced components are mainly used in consumer electronic product applications.

Best Prospects/Services

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- Monolithic digital & hybrid Integrated Circuits (ICs)
- Silicon wafers with dimensions between 8 and 12 inches
- Monolithic digital IC chips and wafers
- Transistors and light emitting diodes
- Chips and wafers for light emitting diodes and transistors
- Integrated circuits for central processing units
- Plugs and sockets for co-axial cables and printed circuits
- Dynamic random access memory integrated circuits

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Taiwan is increasingly focusing on the production of high value-added electronics, such as notebook computers and handsets, and shifting the manufacture of many low-priced items overseas. This trend has led to continued demand for the import of cutting edge components, providing American firms with great sales opportunities. The U.S. leads the high-end sector and has been successful in selling to the information and communications industries. U.S. firms are expected to continue as major suppliers of advanced and specialized items due to the excellent performance and reliability of U.S. products.

Resources

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

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

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

Information on major electronics industry trade shows in Taiwan is available at the website <http://taipeitradeshows.com.tw>. Firms interested in Taiwan trade shows should contact the Taiwan External Trade Development Council at taitra@taitra.org.tw for detailed information.

U.S. firms wishing to learn more about the electronics components market are also encouraged to contact CS Taiwan Senior Commercial Specialist Shirley Wang at Shirley.Wang@mail.doc.gov or visit <http://www.buyusa.gov/taiwan/en>.

#2 - Electronics Industry Production/Test Equipment (EIP)

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	2008	2009	2010 (estimated)
Total Market Size	\$7,210	\$7,330	\$7,540
Total Local Production	413	435	450
Total Exports	194	205	220
Total Imports	6,991	7,100	7,310
Imports from the U.S.	2,432	2,470	2,540

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

Taiwan's electronics industry continues to advance towards more sophisticated technologies, such as 12-inch (300-mm) wafer fabrication, 7.5 or higher generation flat panel displays (FPDs), large-sized LCD TVs, and wireless communications. Capital spending for semiconductor and FPD production capacity in 2010 is expected to reach about US\$10 billion. Several investment and expansion projects are also ongoing or have been proposed by local photovoltaic (PV) companies. Most of Taiwan's advanced EIP equipment is imported, and the demand stems mainly from semiconductor and FPD manufacturers. Each of these two industries accounts for about 40-45 percent of Taiwan's total EIP market, and there are plans to invest approximately US\$15-20 billion in more than 10 ongoing and proposed capacity expansion projects for the year 2010. Given these trends, demand for imported EIP equipment, which accounts for over 80 percent of Taiwan's total market, will continue to remain strong. As a major source of specialized EIP equipment, U.S. firms will find excellent sales opportunities given their products' superior performance, high reliability, and durability.

Best Prospects/Services

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- Chemical vapor deposition equipment and parts for semiconductor production
- Machine tools for dry-etching on semiconductors

- Grinding, polishing and lapping machines and parts for processing of semiconductor wafers
- Equipment for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays
- Physical deposition equipment and parts for semiconductor production
- Rapid heating equipment and parts for semiconductor wafer production
- Ion implanters and parts for doping semiconductor materials
- Instruments, equipment, parts and accessories for measuring or checking semiconductor wafers and devices
- Optical instruments, appliances, parts, and accessories for inspecting photomasks or semiconductor devices

Opportunities

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There are four new 12-inch (300-mm) wafer fabrication investment projects worth approximately \$6.0 billion either currently underway or being planned in Taiwan. The island's semiconductor firms are also expanding and upgrading processing technologies of the existing 8- and 12-inch wafer facilities. According to the Industrial Development Bureau (IDB), investment by FPD makers is expected to exceed \$10 billion to build five new flat panel display plants. Taiwan passed the Renewable Energy Act in 2009 and has plans to allocate a five-year budget of \$746 million for the promotion of installation of green energy and \$597 million for research and development of green energy technologies. The plans are expected to generate an additional \$6.0 billion in private investments in the photovoltaic (PV) industry. In addition, communications and consumer electronics manufacturers are adding new product lines to produce more high value-added items, such as mobile phones and LCD TVs to profit from the increasing worldwide demand.

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

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

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

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

Information on major electronics industry trade shows in Taiwan is available at the website <http://www.taipeitradeshows.com.tw>. Firms interested in Taiwan's trade shows should contact the Taiwan External Trade Development Council at taitra@taitra.org.tw for detailed information.

U.S. firms wishing to learn more about the electronics industry production/test equipment market are also encouraged to contact CS Taiwan Senior Commercial Specialist Shirley Wang at Shirley.Wang@mail.doc.gov or visit <http://www.buyusa.gov/taiwan/en>.

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

Overview

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	2008	2009	2010 (estimated)
Total Market Size	\$5,155	\$4,868	\$5,841
Total Local Production	4,518	4,139	4,967
Total Exports	957	909	909
Total Imports	1,725	1,638	1,965
Imports from the U.S.	1,392	1,322	1,586

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

Taiwan's market size for computer service and software is around \$5 billion and can be roughly divided into the following six categories: (1) system integration service \$2.5 billion (50%), (2) hardware-bundled commercial software \$1 billion (20%), (3) outsourcing software development \$750 million (15%), (4) information security \$400 million (8%), (5) off-the-shelf commercial software \$250 million (5%), (6) embedded software \$100 million (2%).

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. However, due to the high costs and difficulty of foreign direct investment, 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 is used in Taiwan, business practice customization, and flexible pricing policies. U.S. market dominance is expected to continue in the foreseeable future, despite increased competition from local and third-country suppliers.

Best Prospects/Services

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- Business application software
- Information security solutions
- Storage solutions (hardware embedded software)
- Information system integration and consolidation solutions
- On-line learning/entertainment products and services
- Business intelligence-related applications

Opportunities

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U.S. software producers have the 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 China operations, the demand for robust

communication links between China and Taiwan is bolstering the expansion of high speed networking hardware, software, and services.

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

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

Firms interested in the relevant trade shows should contact Taiwan External Trade Development Council at taitra@taitra.org.tw for detailed information.

U.S. firms wishing to learn more about the Computer Services & Software market are also encouraged to contact CS Taiwan Commercial Specialists Allen Chien at Allen.Chien@mail.doc.gov and Cindy Chang at Cindy.Chang@mail.doc.gov, or visit <http://www.buyusa.gov/taiwan/en>.

#4 - Overseas Travel and Tourism (TRA)

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	2008	2009	2010 (estimated)
Taiwan Visitors to the U.S.	295,000	254,000	268,000
Total spent by Taiwan Visitors to the U.S. (Unit: US\$ million)	\$1,162	\$1,010	\$1,100

Source: Office of Travel and Tourism Industries, Department of Commerce

Taiwan is a mature outbound tourism market. Taiwan tourists are avid and comparatively affluent international travelers. However, like most trade dependent economies, since the middle of 2008, Taiwan's outbound market has been seriously affected by the global financial crisis, subsequent economic recession, and the outbreak of the H1N1 virus. According to the Taiwan Tourism Bureau, in 2009 outbound trips are plummeted 12 percent to 7.48 million Taiwan tourists taking overseas trips. There are some signs of a recovery. Most major travel wholesalers and retailers believe that the business will gradually pick up in early 2010.

Travel trends are increasingly mirroring the demographic, socio-economic, behavioral and lifestyle shifts of consumers. Surveys show that Taiwan tourists are opting for more short-haul trips and fewer longer ones. Nine of the top ten destinations for Taiwan travelers are all within Asia and the United States runs out the top ten. Taiwan visitors to the U.S. most often travel for business travel (36%), another 26% travel for leisure/recreational/holiday, 25% visit friends and relatives. Those attending conventions or conferences account for 7% and the remaining 6% travel are for other purposes. Taiwan visitors to the U.S. took an average of 46 days to decide on their trips. Sixteen percent of these visitors booked a prepaid package, and for 20% of visitors, it was their first trip to the U.S. The average length of stay was 21.4 nights, the average number of people traveling together was 1.5 people, and they visited an average of 1.5 states.

Taiwan visitors are strongly motivated by shopping and sampling local cuisines in restaurants. They also place importance on sightseeing, visiting historical places and

amusement/theme parks. The most popular U.S. states visited by Taiwan tourists are California, New York, Nevada, Washington and Texas. And the most popular cities are Los Angeles, San Francisco, Manhattan, Las Vegas and Seattle.

Best Prospects/Services

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Taiwan has a vibrant and flourishing tourism industry with approximately 2,000 registered travel agents. In addition, the internet has become a comprehensive platform for various travel related needs. Working with these agents is a critical part of any destination marketing program.

All-inclusive guided group package tours remain popular with first time visitors and seniors. However, as Taiwan travelers mature and become more savvy, the trend shifts towards independent travel and a variety of special interest tours. It is anticipated that demand for niche travel experiences such as spectator sport travel, adventure tours, health and wellness vacations, gastronomic holidays and short-term study will continue to grow as this market segment is unaffected by the economic slowdown

Business travel continues to grow steadily. Many Taiwan business travelers extend their itineraries for leisure travel, which has blurred the line between business and leisure travel. Many companies arrange incentive travel to reward their staff, and the largest users of incentive tours are companies in the financial services and healthcare/pharmaceutical industries.

Opportunities

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Although the worldwide travel industry is currently in a slump, Taiwan's outbound travel and tourism market still offers many opportunities. To effectively promote travel and tourism destinations and services in Taiwan, it is useful to form strategic partnerships or alliances with organizations that are experienced in the local market. Some such organizations include the Discover America Committee in Taiwan, airlines and their key travel agents, major wholesalers or on-line travel agents, and the Taipei offices of U.S. state government travel promotion offices.

Another way to promote your destinations in Taiwan is by participating in the annual International Taipei Travel Fair (ITF).

Resources

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Discover America Committee, <http://www.discoveramerica.org.tw/AboutUS.asp>

Taiwan Tourism Bureau, <http://eng.taiwan.net.tw>

Taipei International Travel Fair (ITF), <http://www.taipeiitf.org.tw>

U.S. firms wishing to learn more about Taiwan's outbound tourism market are also encouraged to contact CS Taiwan Commercial Specialist Wendy Tien at Wendy.Tien@mail.doc.gov, or visit the website <http://www.buyusa.gov/taiwan/en>.

5 - Industrial Chemicals (ICH)

Overview

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	2008	2009	2010 (estimated)
Total Market Size	\$39,553	\$25,709	\$33,420
Total Local Production	40,618	26,348	34,252
Total Exports	11,560	6,936	9,017
Total Imports	12,625	7,575	9,847
Imports from the U.S.	1,901	988	1,284

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

The chemical industry plays a very important role in Taiwan's manufacturing sector, accounting for 25% of the total value of Taiwan's industrial production. Large volumes of up- and mid-stream industrial chemicals are required to produce down-stream products such as fertilizers, pharmaceuticals, cleaning products, paints, dyes, cosmetics, and other products. The following four countries: Japan, United States, South Korea, and Mainland China dominate Taiwan's market for imported industrial chemicals, with more than 60% of the total share of imports. Japan leads the import market, with around 25% market share, followed by the U.S. around 15%, South Korea 12%, and Mainland China at 12%. Taiwan's demand for imported industrial chemicals will continue to grow due to the strong demand for down-stream chemical products in Mainland China and South East Asia.

Best Prospects/Services

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- Cyclic hydrocarbons
- Heterocyclic compounds with nitrogen hetero-atom(s) only
- Halides and halide oxides of non-metals
- Unsaturated acyclic monocarboxylic acids; cyclic monocarboxylic acids and their anhydrides, halides, peroxides, and peroxyacids; halogenated, sulphonated, nitrated, or nitrosated derivatives of cyclic monocarboxylic acids
- Acyclic hydrocarbons
- Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbonate
- Hydrogen, rare gases, and other non-metals
- Hydrides, nitrides, azides, silicides and borides
- Epoxides, epoxy alcohols, epoxy phenols, and epoxy ethers with a three-member ring, and their halogenated, sulphonated, nitrated or nitrosated derivatives
- Other inorganic acids and inorganic oxygen compounds of non-metals

Opportunities

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The Taiwan Chinese Petroleum Corp. (TCPC) is planning to develop a chemical production complex in central Taiwan to further increase Taiwan's manufacturing capacity for mid- and down-stream chemicals. Taiwan's demand for imported industrial chemicals is expected to increase for the foreseeable future.

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

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

Chinese Petroleum Corporation, Taiwan (CPC, Taiwan): <http://www.cpc.com.tw>

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

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

6 - Education (EDU)

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	2008	2009	2010 (estimated)
Total Number of Student Visas Issued to Taiwan Students going to the U.S.	14,389	10,744	10,529
Total Number of Taiwan Students Studying in the U.S.	28,065	27,100	27,050
Financial Contribution of Taiwan Students to the U.S. Economy	US\$ 714 million	US\$ 689 million	US\$ 686 million

Source: 1) Taiwan Ministry of Education, Bureau of International Cultural and Educational Relations
2) IIE Opendoors 2008 Report

Taiwan is the second highest per capita source of international students in the U.S. According to statistics published by the Institute of International Education (IIE), during the 2008-09 academic years, 28,065 students from Taiwan were studying in the United States, which is a 3.2% drop from the previous year. Taiwan remains the sixth leading origin of international students in the U.S. Although the overall numbers have been declining in recent years, the U.S. remains the top destination for Taiwan students who want to study abroad. The AIT Consular Section issued a total of 14,389 new F1 student visas and 5,103 J1 exchange visas in 2008.

Over the past year, the number of Taiwan students going abroad to study has seen a significant drop mainly due to the negative effects of the H1N1 flu. This led to many individuals and schools cancelling their short-term study plans for the summer of 2009. Another contributing factor is beginning in 2010 the Taiwan authorities' will recognize Chinese degrees. With similar languages and cultures, Taiwan students are naturally drawn to well-known Chinese universities. However, given the U.S.'s reputation as the global leader in education and its top R&D capacity, we believe that the U.S. will remain the leader in attracting the best students from Taiwan.

International education remains a high priority for many students and parents in Taiwan. English proficiency or an overseas degree is considered a very important asset in the

increasingly competitive local job market. Therefore, the international student recruitment market for both long-term and short-term studies will continue to be robust. The U.S. maintains a leading position in this market, but strong competition comes from the U.K., Australia, Canada, and China. Given the highly competitive nature of the market, U.S. schools should allow more flexibility in their programs and admissions requirements. Additionally, marketing in the local language is a key to recruitment success.

The main promotional channels include media advertisements, recruiting agents, education fairs, and student advising centers. Partnering with local schools in joint degree programs or short-term programs has become increasingly popular and local universities actively seek new partnerships.

The U.S. is also the most popular destination for Taiwanese students to pursue advanced degrees. Of the Taiwan student population in the U.S., 55% study at the graduate level, 26% at the undergraduate level, 11% for “optional practical training” and 7% in other areas. The most popular fields of study are MBA or business-related courses, engineering, computer technology, education, life sciences, short- and long-term ESL programs, and education or IT-related training programs with certificates for professionals.

Best Prospects/Services

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- Short and long-term ESL programs
- MBA or business-related degree programs
- TESOL or education degree programs
- Engineering
- Healthcare and life sciences

Opportunities

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Partnerships with local recruiting agents and local schools.

Participation in major education fairs is a good way of marketing directly to prospective students and parents. Some of the major fairs featuring U.S. education include:

- OH America Education Fair (Spring/Fall), co-sponsored by CS Taiwan
- QS Top MBA Fair, co-sponsored by CS Taiwan
- The Association of Boarding Schools Fair (TABS), co-sponsored by CS Taiwan
- American International Education Foundation Fair (AIEF)
- Linden Tour
- The MBA Tour

Resources

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

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

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

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

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

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

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

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

#7 - Medical Devices & Supplies (MED)

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	2008	2009	2010 (estimated)
Total Market Size	\$1,960	\$2,001	2,052
Total Local Production	1,614	1,647	1,679
Total Exports	921	940	968
Total Imports	1,267	1,294	1,341
Imports from the U.S.	410	423	456

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

The United States remains the largest medical device supplier to Taiwan and accounts for approximately one-third of Taiwan imports. Japan and Germany represent 15% and 10.5% of imports, respectively. Taiwan relies on the United States specifically for technologically sophisticated and innovative equipment. Less sophisticated products, on the other hand, have been gradually replaced by local suppliers. U.S. products face strong competition from other foreign competitors who are more aggressive in marketing campaigns.

Taiwan's National Health Insurance Program was launched in 1995 as a social insurance program that requires compulsory enrollment of the whole population. The program has in recent years come under tremendous financial stress. In order to control NHI's expenditures, the government has employed a global budget system, which has affected the profit margins of medical device sales.

As cost considerations have become more crucial than ever, hospitals and clinics generally employ a stringent procurement policy, which impacts the growth of the market.

Best Prospects/Services

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- Cardiovascular equipment
- Endoscopy
- Computerized tomography

- Ultrasonic scanning apparatus
- Magnetic Resonance Imaging apparatus
- Radiation isotope diagnostic/therapeutic apparatus
- Hemodialysis apparatus
- Chromatographs and electrophoresis instruments
- Shock wave lithotripsy apparatus with X-ray orientor
- X-ray apparatus for dental uses
- Catheters and cannulae
- Enclosseous implants
- Artificial joints
- Hip prosthesis, plates, mails, bone screws, and bone cement
- Prepared diagnostic/laboratory reagents

Opportunities

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Taiwan is a rapidly aging society where the elderly accounted for 10.41% of the population in 2008. The Council of Economic Planning and Development (CEPD) estimates by 2028 22.5% of the population will be above age 65. The demand for quality elderly care and treatment for cancer, cardiovascular diseases, and diabetes will continue to grow accordingly.

Procedures such as plastic surgery/aesthetic and dental implant devices have been gaining popularity. Since many of these procedures are not covered by the National Health Insurance and have to be fully paid by patients, they have become a lucrative source of income. This trend will continue to drive the demand for relevant equipment and supplies.

Resources

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Department of Health (DOH): http://www.doh.gov.tw/EN2006/index_EN.aspx

Medical Devices Committee of the American Chamber of Commerce in Taipei:
<http://www.amcham.com.tw/content/blogcategory/33/67>

Industrial Technology Research Institute
(ITRI): <http://iek.itri.org.tw/internet/home/home.aspx>

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

#8 - Electrical Power Equipment (ELP)

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	2008	2009	2010 (estimated)
Total Market Size	\$5,129	\$4,616	\$5,077
Total Local Production	4,669	4,202	4,622
Total Exports	3,583	2,508	2,758

Total Imports	4,294	2,922	3,214
Imports from the U.S.	704	387	425

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

The Taiwan Power Company (TPC) continues to be the main source of demand for the electrical power equipment market. TPC is upgrading its existing facilities and building new fossil-fuel thermal power plants, and it is continuing with its construction of a fourth nuclear power plant. TPC plans to increase its total installed capacity from 33,290 MW to 54,761 MW by the year 2015. Most of the market demand in 2008 stemmed from the continuing implementation of TPC's sixth Transmission Project and fifth Distribution Project that were initiated in 2001. Clean coal technology and renewable energy will be the focus for the newly installed power capacity.

Best Prospects/Services

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- Clean coal technology such as Integrated Gasification Combined Cycle (IGCC)
- Emission control products such as CO2 sequestration technology
- Renewable energy and energy efficiency products
- Digital electric meters
- Steam turbines, hydraulic turbines, and gas turbines for power plants
- Electrical 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)

Opportunities

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The Government Procurement Law (GPL) took effect in May 1999, and requires all agencies to publicize any procurement projects worth over NT\$1 million (US\$30,303) on the Public Construction Commission's website (<http://www.pcc.gov.tw>) in order provide easy access to interested bidders. The GPL governs all government procurement for engineering projects, goods, and services -- a massive market, estimated at US\$30 billion annually.

Taiwan Power Company's current major projects include:

- Changgong (2x800MW) Coal-Fired Power Projects
- Linkou (Rebuild) Coal-Fired Power Projects (2x800MW)
- Shenao (Rebuild) Coal-Fired Power Projects (2x800MW)
- Wind Power Project Stage 2

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

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

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

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

#9 - Pet Products (PET)

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	2008	2009	2010 (estimated)
Total Market Size	\$630	\$670	\$740
Total Local Production	270	275	305
Total Exports	50	55	60
Total Imports	410	450	495
Imports from the U.S.	225	245	270

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

There are more than 1.3 million dogs and cats owned as pets in Taiwan, and about 12% of households own at least one dog or cat. The number of pet owners has been steadily increasing steadily due to an increase in the number of single households (including young working adults and seniors) and a falling birthrate as young people postpone marriage. Many people treat their pets as family members and keep them at home as companions. Local pet owners often treat their pets as children and are willing to spend increasing amounts of money on pet products and services. Similar to human trends, owners are increasingly investing in preventative health care for their pets, such as vitamins and minerals, rather than merely diagnosis and treatment of existing health problems. Taiwan pet owners demand specialty foods, snacks and treats, toys, and clothing for their pets. Many owners also take their pets to styling salons for haircuts, baths, nail trimming, mouth cleaning, and other beauty treatments. These trends are driving the demand for imported, high-quality pet products and supplies.

Shopping for pet products and services is becoming easier than ever with an increasing variety of retail outlets and animal hospitals/clinics that sell pet products and provide services. Shoppers can also find pet products at local department stores. Large foreign franchise pet stores are being introduced into the Taiwan market. For example, in November 2008, the Japanese Animal HumanBond company introduced Pet Plus into the Taiwan market and opened a store at the Dream Mall in Kaohsiung. Another Pet Plus store will soon open at the Universal Shopping Mall in Taipei. The company plans to open more than 20 Pet Plus outlets in Taiwan over the next five years.

Best Prospects/Services

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- Dried and canned food
- Nutritional supplements, such as vitamins and minerals

- Health care products, such as joint care products, digestion assistance, eye care items, and fur and skin care products
- Hygiene and beauty products, such as shampoo, mouthwash, and teeth cleaning.
- Specialty snacks and treats

Opportunities

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Most of the money spent on pet products is for dogs, especially for health care products, although spending on cats and other small animals is also increasing. The largest segment of pet care products will continue to be for dogs since dogs tend to be outdoors for extended periods of time and have higher potential exposure to pests, bacteria, and viruses. The market sector for pet nutritional supplements is constantly expanding as local pet owners, especially dog owners, are very concerned about the health of their pets. Due to their technological advantages, American firms are expected to continually enjoy excellent sales in the pet food sector, as well as health care product and nutritional supplements for pets. In terms of geographical distribution, northern Taiwan accounts for 60% of pet ownership and sales opportunities. Central Taiwan accounts for 25% of the total, and other areas 15%.

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Taipei Commercial Association of Feeds and Animal Health Products: <http://www.web66.com.tw/web/Blog?MID=33068>

Importers and Exporters Association of Taipei: http://www.ieatpe.org.tw/e_index/index.html

Council of Agriculture: <http://www.coa.gov.tw>

Taiwan Animal Hospital Association: http://www.tgs.com.tw/TAHA/taha_index.html

Information on pet products trade shows in Taiwan is available at the website <http://www.taipeitradeshows.com.tw>. Firms interested in Taiwan's trade shows should contact the Taipei Pet Appliances Association at jerry@chanchao.com.tw for detailed information.

U.S. firms wishing to learn more about the Taiwan pet products market are also encouraged to contact CS Taiwan Senior Commercial Specialist Shirley Wang at Shirley.Wang@mail.doc.gov or visit <http://www.buyusa.gov/taiwan/en>.

#10 - Telecommunications Equipment (TEL)

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	2008	2009	2010 (estimated)
Total Market Size	\$4,275	\$4,105	\$4,230
Total Local Production	10,845	10,303	10,818
Total Exports	10,086	9,500	9,952

Total Imports	3,498	3,302	3,364
Imports from the U.S.	273	250	262

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

While Taiwan's fixed-network carriers, mobile operators, and broadcasters (terrestrial TV, radio, and CATV networks) are upgrading their network infrastructure to increase market competitiveness, Taiwan authorities are actively promoting WiMAX services to advance Taiwan's information technology development and provide seamless mobile and wireless Internet to the public. In 2009, telecommunications equipment sales will be approximately \$4.1 billion. Although this figure represents a 4% year-on-year decrease, industry experts forecast approximately 3% rebound in 2010. In 2009, Taiwan imported about 80% of its telecommunications equipment. Over 50% of Taiwan's imported telecommunications equipment ship from China, most originating in the factories of international OEMs/ODMs. The import market share of direct shipment from the U.S. is about 7.5%. U.S. suppliers face stiff competition from South Korea and Japan with import market share of 11.5% and 9.3%, respectively. Major foreign suppliers of high end equipment include South Korea, Japan, Finland, and the United States. Taiwanese companies are heavily invested in China and re-export to Taiwan. The majority of Taiwan-produced telecom equipment is for export, and includes: cellular handsets, GPS, WLAN, xDSL CPE, Ethernet LAN switches, cable CPE, and Bluetooth devices.

Best Prospects/Services

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- Next generation network
- Fixed mobile convergence
- Gigabit passive optical network
- VoIP
- WiMax
- Mobile TV
- Wireless sensor networks
- CATV digital headend equipment
- Audio production equipment
- Digital editing systems
- Broadcasting transmission equipment
- Test equipment

Opportunities

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In mid-2007, the Taiwan telecom regulatory body awarded six licenses to provide WiMAX services. This is expected to generate investments of \$923 million in network construction from 2008 to 2011. The deployment of WiMAX is also expected to boost the demand for innovative applications, content, and software. Taiwan authorities plan to further invest \$744 million for the WiMAX development and other technological projects. In addition to WiMAX opportunities, the largest fixed-line and mobile carrier, Chunghwa Telecom, plans to invest \$923 million upgrading its FTTx, NGN, and 3G networks in 2010. Other telecom operators are also actively upgrading their network infrastructure to increase their own competitiveness, such as Taiwan Mobile, the 2nd largest mobile operator and a major cable television operator plans to invest \$215 million

in CATV network digitalization. FarEasTone, the 3rd largest mobile operator, plans to invest \$277 million in High Speed Packet Access (HSPA) network equipment.

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

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

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

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

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

U.S. firms wishing to learn more about the telecommunications equipment market are also encouraged to contact CS Taiwan Senior Commercial Specialist Shirley Wang at Shirley.Wang@mail.doc.gov or visit <http://www.buyusa.gov/taiwan/en>.

#11 - Information Security Services (SEC)

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	2008	2009	2010 (estimated)
Total Market Sales	\$424	\$488	\$565
Total Sales by Local Firms	246	283	328
Total Sales by Foreign Firms	178	205	237
Total Sales by U.S. Firms	145	175	195

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

According to a recent Ministry of Economic Affairs (MOEA) market analysis, Taiwan's information security market scale is forecasted to reach US\$649.8 million in 2011, with an average annual growth rate of 15.5% for the coming 3 years. As the dynamics of the industry continue to change, US suppliers are taking advantage of the new opportunities in the Taiwan market and are expected to maintain the leading position in the coming years. Technological improvements, new applications and explosive growth in Taiwan are providing a positive stimulus to the information security service market. U.S. suppliers will find Taiwan a promising market to pursuit.

Although many enterprises are cutting overall budgets due to the weak economy, the enterprises which rely heavily on information technology, on the other hand, are willing to increase their spending on procuring more information security products and services. Market Information Center's (MIC) analyst said many major enterprises could reduce

information security costs through outsourcing and Software as a Service (SaaS), while maintaining their basic demand for information security in the future.

MIC analyst also indicated that the biggest drive of the information security services industry came from demand for the development of extended enterprises. If a firm grows quickly and diversely, its upstream and downstream suppliers and allied companies will demand higher access to the database, which will in turn increase demand for safety and protection of information.

With the aim of protecting enterprise assets, enterprises will be stimulated to continue increasing their investments in information security products and services, pushing the growth of the overall information security market in Taiwan.

Best Prospects/Services

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US information security products and services providers will find best prospects in these areas:

- Application service provider,
- Software as a Service,
- Anti-Virus,
- Encryption,
- Content and web filtering,
- Public Key Infrastructure,
- Virtual private network,
- Security assessment,
- Intrusion detection,
- Website content filtering,
- Data loss prevention.

Opportunities

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The following exhibitions in Taiwan are recommended as suitable promotional vehicles for U.S. suppliers of information security service providers interested in selling to the Taiwan market. By participating in events like these, your firm will have tremendous opportunities to be in direct and effective contact with potential buyers and major distributors to expand your market in Taiwan.

SecuTech Expo 2010
The 13th Asian Security Week
April 21-23, 2010
Taipei World Trade Center, Nangang Exhibition Hall
www.secutech.com

Computex Taipei 2010
The 30th exhibitions and seminars
June 1-6, 2010
Taipei World Trade Center, Nangang Exhibition Hall
www.computextaipei.com.tw

Resources

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

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

Importers and Exporters Association of Taipei: <http://www.ieatpe.org.tw>

U.S. firms wishing to learn more about the information security products and services market are also encouraged to contact CS Taiwan Commercial Specialist Cindy Chang at Cindy.Chang@mail.doc.gov or visit <http://www.buyusa.gov/taiwan/en>.

#12 - Sporting Goods (SPT)

Overview

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	2008	2009	2010 (estimated)
Total Market Size	\$1,223	\$1,173	\$1,230
Total Local Production	3,950	3,550	3,800
Total Exports	3,554	3,127	3,340
Total Imports	827	750	770
Imports from the U.S.	165	150	154

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

Taiwan public policy strongly advocates fitness. Fueled by the uptick in construction of sporting venues and growing number of bike paths in recent years, the popularity of sports among the Taiwan population is rising, thereby increasing consumer demand for sporting goods. In 2009, sporting goods sales reached approximately \$1.2 billion, of which about 64% of the market is supplied by imported products. The combined import market share of American brands with direct shipment from the U.S., China, and Southeast Asian countries is estimated at 20%. U.S. brands are popular in Taiwan and are sought after for their high-quality. Japan, with a 25% market share, is the primary competitor for U.S. suppliers. Taiwan-produced sporting goods supply about 36% of the domestic market. Serving as the OEM/ODM partner for a number of international brands, Taiwan-manufactured bicycles and parts, fitness equipment, and golf equipment enjoy robust export sales.

Best Prospects/Services

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- High-end bicycles
- Outdoor equipment and apparel
- Water sports equipment and apparel
- Commercial fitness equipment for cardio and strength training
- Golf equipment and apparel

Opportunities

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Taiwan's Cabinet-level Sports Affairs Council (SAC) plans to construct international-level stadiums and sports centers, establish an integrated bike path network, and support other sports and recreation facilities. The SAC has drawn an eight-year (2009-2016) "National Sports Facilities Integration Construction Plan" to enhance Taiwan's sports infrastructure and promote international sports events. Phase I of this plan (2009-2012), with a budget of \$175 million, aims to upgrade two of the island's major athletic training centers located in Kaohsiung and Taoyuan. In Phase II, the SAC plans to allocate \$460 million to subsidize the construction of 50 sports centers around the island (2010-2013). To improve the existing bike paths, the SAC is allocating \$123 million for an island-wide bike path integration project (2009-2012). As a result of completing the advanced sports infrastructure and integrated bike path network, the popularity of sports in Taiwan is expected to see annual increase of approximately 3% over the next few years.

Surrounded by the sea and covered by precipitous peaks from north to south, Taiwan is rich in diverse natural landscapes. Taiwan's five longitudinal mountain ranges occupy almost half of the island, including more than two hundred peaks with elevations over 3,000 meters which provide a playground for a range of open-air activities. Once considered the exclusive domain of extreme athletes, the popularity of outdoor activities in Taiwan such as trekking, climbing, and river tracing is increasing. As a result, outdoor gear is now one of the most important sporting goods market segments.

In addition, Taiwan is becoming known for its surfing and attracts wave seekers from the United States, Australia, and New Zealand. The increasing number of surfing clubs being organized is further popularizing the sport in Taiwan and local experts estimate that 25,000 - 30,000 surfers are currently riding the waves throughout Taiwan. Surfing "culture" is quickly becoming embedded in Taiwan's culture and surfing apparel is considered an "in" fashion.

Taiwan is constructing new hotels to cope with the growing demand from mainland Chinese tourists for more sophisticated accommodations. According to the Taiwan Tourism Bureau, over 40 hotels under construction will be completed in the next two years. These hotels will be procuring high-end fitness equipment, such as treadmills, cycles, and rowing equipment, to equip their on-site health centers.

Resources

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Sports Affairs Council, Executive Yuan: <http://www.ncpfs.gov.tw>

Importers and Exporters Association of Taipei: <http://www.iatepe.org.tw>

Taiwan Sporting Goods Manufacturers Association: <http://www.sports.org.tw>

Taiwan Bicycle Exporters' Association: <http://www.tbea.org>

The Golf Association of Taiwan: <http://www.twgolf.org>

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

U.S. firms wishing to learn more about the telecommunications equipment market are also encouraged to contact CS Taiwan Senior Commercial Specialist Shirley Wang at Shirley.Wang@mail.doc.gov or visit <http://www.buyusa.gov/taiwan/en>.

#13 - Pollution Control Equipment (POL)

Overview

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	2008	2009	2010 (estimated)
Total Market Size	\$505	\$353	\$423
Total Local Production	579	405	486
Total Exports	359	251	301
Total Imports	433	303	364
Imports from the U.S.	96	67	80

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

The government has identified pollution control as an emerging industry, targeting Taiwan to become a major exporter of environmental equipment and services to the Asia Pacific region. In recent years, local manufacturers of pollution control equipment have upgraded their technologies and their exports have become more competitive. Major foreign suppliers include Japan, Germany, the United States, and South Korea, comprising more than 75% of the import market. Japan leads the import market, accounting for around 35% of total imports, followed by the United States with around 25%, and Mainland China with around 10%.

Even though local manufacturers supply the majority of the environmental market with low-cost and medium- to high-technology products, the market still relies on foreign suppliers for some advanced environmental technologies and equipment.

Best Prospects/Services

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

Opportunities

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As Taiwan 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. In addition, the six year national plan to increase household connection rates to public sewage systems will continue to increase the demand for advanced wastewater treatment technologies.

Resources

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

Taiwan Environmental Industry Information Net: <http://proj.moeaidb.gov.tw/envirnet>

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

#14 - Pleasure Boats/Accessories (PLB)

Overview

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	2008	2009	2010 (estimated)
Total Market Size	\$501	\$325	\$250.5
Total Local Production	247 yachts	160 yachts	124 yachts
Total Exports	N/A	N/A	N/A
Total Imports	\$250	\$162.5	\$125
Imports from the U.S.	\$125	\$81	\$62.5

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

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. In leading trade journals, several of Taiwan's yacht builders consistently rank in the World's Top 20. In 2009, Taiwan ranks 5th globally in terms of mega yacht construction, 80-120 feet in length.

Taiwan 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 recent trend toward building bigger, more expensive yachts. In 2008, Taiwan yacht manufacturing industry revenues reached more than \$500 million. Interviews with industry executives reveal that Taiwan imported \$250 million worth of foreign products, roughly half of the industry's total revenue.

The United States is the largest market for yachts manufactured in Taiwan (49%) and is also the biggest supplier of components used by Taiwan yacht builders. Although sales of these components are down considerably due to the global financial crisis, demand is expected to rebound strongly as the economy recovers.

Best Prospects/Services

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

- Other Deck Hardware

Opportunities

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Energy-saving “green” technology solutions will gain market share as Taiwan continues to focus on new product development and innovative technology. For example, at the 2009 Fort Lauderdale International Boat Show, Taiwan’s Horizon Group rolled-out its newly-engineered electric catamaran, dubbed the SunCat 23. The solar-electric 23-foot catamaran is powered by a 2.8 KW electric outboard motor capable of running at 6 knots with 12 people aboard. The onboard storage batteries are sufficient to last for a day trip even on overcast days.

Resources

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Taiwan Yacht Industry Association (TYIA): <http://www.ship.org.tw/member/tyia>

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

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

China Business Information

Center: <http://www.export.gov/china/marketinsight/TaiwanYachtIndustryInterview.asp>

U.S. firms wishing to learn more about the yacht building market are encouraged to contact CS Kaohsiung Commercial Assistant Daphne Fan at Daphne.Fan@mail.doc.gov or visit <http://www.buyusa.gov/taiwan/en>.

#15 - Books (BOK)

Overview

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	2008	2009	2010 (estimated)
Total Market Size	\$1,583	\$1,415	1,345
Total Local Production	1,575	1,417	1,346
Total Exports	168	151	143
Total Imports	166	149	136
Imports from the U.S.	45	40	36

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

Over the past two years, Taiwan’s book market was around US\$1.5 billion, including trade books that amounted to US\$0.9 billion and US\$0.6 billion for educational and academic books. Furthermore, the availability of various electronic devices such as iPhones, e-book readers, computers, and smart phones has changed reading habits and increased the demand for e-books. The book market in 2009 has seen a decrease of 10 percent from the previous year, shrinking the market to US\$1.4 billion.

For 2009, Taiwan imported about US\$149 million worth of publications, an 11 percent decrease. This is due to the weak consumer spending caused by the recent sluggish

economy and changing reader's habits. Traditionally, Taiwan imports 25 to 30 percent of its books from the U.S. This amounted to US\$40 million in 2009, of which US\$35 million were printed books and US\$2.5 million were periodicals and journals.

For the past 15 years, the U.S. has been the leading supplier of licensed titles or about 40 percent of the Taiwan market. Fifty percent of all translated books are English-to-Chinese translations, followed by simplified- to traditional-Chinese (25 percent), and Japanese-to-Chinese (17 percent). Annually, 4,000 titles are imported for translation, and the U.S. leads all countries supplying 1,600 titles per year to be translated for the Taiwan market. U.S. publishers should continue focusing on the sales of copyrighted titles and the translation rights for bestsellers, award winning titles and educational books.

Best Prospects/Services

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

Opportunities

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Taiwan's publishing sector is characterized by a large number of small- to medium-sized enterprises that are very active in publishing as well as copyright trade. With the continued development of trade across the Taiwan Straits over the past five years, more and more Taiwan publishers, importers and literary agencies are expanding their business into the Mainland China market, which has now become one of the fastest growing book markets worldwide. Taiwan can act as a pool of prospective book publishers, agencies, distributors or representatives that are able to represent U.S. publishers, authors and dealers in the greater China market. Obviously, it is easier for Taiwan publishers to penetrate the publishing market in Mainland China than for U.S. publishers to attempt it alone and overcome through the linguistic and cultural barriers. U.S. companies interested in selling books to the greater China market may consider Taiwan companies as a potential partner for business expansion.

Some of the titles that offer the best opportunities for U.S. publishers interested in Taiwan are best sellers, award-winning titles, and titles by well-known authors. The genres considered as best prospects are self-help, business, management, health, life-style, picture books, novels and English-learning books.

Resources

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

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

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

#16 - Apparel (APP)

Overview

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	2008	2009	2010 (estimated)
Total Market Size	\$1,128	\$1,048	\$1,130
Total Local Production	1,012	928	880
Total Exports	971	782	850
Total Imports	1,087	902	1,100
Imports from the U.S.	7.96	7.89	7.50

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT\$31.52 for 2008 and NT\$32.34 for 2009 and 2010. The statistics are unofficial estimates.

Taiwan used to be the world's top exporter of apparel and earned much of its foreign reserves through textile products. Starting from 2005, however, Taiwan's apparel imports have been outweighing exports by an increasingly higher percentage. The top five countries of origin include China, Vietnam, Hong Kong, Italy, and Japan. Nevertheless, a considerable amount of those imports are believed to be American apparel brands.

Taiwan's per capita GDP and purchasing power parity (PPP) rank among the highest in Asia. Taiwan consumers are very sophisticated, and young generations in particular are sensitive to fashion trends in Los Angeles and Tokyo. They would pay premium prices for imported products featured in magazines or seen on Hollywood celebrities.

Best Prospects/Services

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- Casual wear
- Denim wear
- Sports wear
- Lingerie
- Children's clothing

Opportunities

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Taiwan consumers have an enormous appetite for American fashion brands which are known for their simple but trendy design. They especially crave clothes from fashion stores that are popular in U.S. shopping malls yet not available in Taiwan. Those products become highly sought-after items and even serve as souvenirs that tourists bring home.

Sensing the demand for U.S. apparel, Taiwan importers continue to seek out American brands to introduce to the local market. Despite the recent economic slowdown, they believe that there is enormous potential for profit if one offers diversified products to suit the niche market.

Taiwan's retail channels are well established, while the major channels for apparel include department stores, shopping malls, home shopping networks, and online

shopping portals. U.S. exporters may choose Taiwan partners based on their strengths in different channels.

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

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

Taiwan Textile Federation: <http://news.textiles.org.tw>

Taiwan Textile Research Institute: <http://www.ttri.org.tw>

Taipei IN Style trade show: <http://www.taipeiinstyle.com>

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

Agricultural Sectors

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Beef

Overview

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	2008	2009 *	2010 (estimated)
Total Market Size	108	90	110
Total Local Production	5	4	5
Total Exports	0	0	0
Total Imports	103	86	105
Imports from the U.S.	31	23	31

Notes: Figures are for bovine meat in 1,000 metric tons (carcass weight equivalent). The conversion ratio from import data into beef carcass weight equivalent is 1:1.36. The 2009 statistics are the totals of January-September time period.

Best Prospects/Services

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Despite the global economic turmoil in 2008, the United States broke another record by replacing Australia to become Taiwan's number 1 beef supplier in terms of import value, marking a 35-percent share valued at US\$136.5 million. Volume-wise, the U.S. took 31% of the market while Australia and New Zealand accounted for 37% and 27%, respectively.

The growth of total beef imports in 2009 is projected to be flat overall due to the continued economic slowdown in Taiwan as well as the emergence of some newly restrictive import and distribution procedures announced on November 2 in conjunction

with Taiwan's expansion of market access to include U.S. bone-in beef and other beef products. The U.S. maintained its position as the leading supplier of Taiwan's beef imports by value.

Opportunities

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The U.S. beef industry is able to supply large volumes of "Asian cuts" at prices competitive with New Zealand and Australia. These cuts include boneless ribs, chuck, and short plate for ethnic Japanese and Korean cuisines, and middle meat items for Western restaurants. The quality of U.S. chilled beef is considered much higher than beef from other countries; hence, it is preferred by consumers and dominates sales and retail space. The United States continues to lead the chilled beef market with 77% of the market share in the first 9 months of 2009, accounting for US\$41.7 million dollars. Although New Zealand and Australia have a price advantage to dominate the lower quality, frozen beef exports, U.S. market share of this category continues to grow and US was able to surpass New Zealand in the first nine months of 2009, now ranking second after Australia.

The U.S. continued to negotiate with Taiwan to restore market access for the full range of U.S. beef and beef products in a manner consistent with the World Organization for Animal Health (OIE) guidelines. On October 22, the U.S. and Taiwan concluded a bilateral protocol providing for this expanded access. In conjunction with this agreement, U.S. industry announced it would voluntarily restrain exports of beef and beef products derived from cattle over 30 months age for a transitional period. After the protocol entered into force on November 2, Taiwan authorities took a series of actions in response to public pressure opposing the agreement that were inconsistent with the protocol, and that proved disruptive to the smooth entry of U.S. beef. On January 5, Taiwan's legislature passed an amendment to Taiwan's Food Sanitation Act that had the effect of banning the import of ground beef and certain offals from the U.S. and any other country where BSE has occurred in the past ten years. Expanded access for bone-in beef and offals other than "internal organs" remained in place, but subject to the stricter administrative measures. The United States will continue to press Taiwan to bring its policies into compliance with the protocol and to ensure its import procedures are not disrupting the U.S. beef export trade.

Resources

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For general information on U.S. agricultural exports:

Foreign Agricultural Service: <http://www.fas.usda.gov>
U.S. Food Taiwan: <http://www.usfoodtaiwan.org>

For Taiwan's agricultural trade statistics:

Council of Agriculture: http://www.coa.gov.tw/show_index.php

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Pork

Overview

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	2008	2009*	2010 (estimated)
Total Market Size	901	696	922
Total Local Production	861	660	870
Total Exports	0	0	0
Total Imports	40	36	52
Imports from the U.S.	19	14	22

Notes: Figures are for porcine meat in 1,000 metric tons (carcass weight equivalent). The conversion ratio from import data into pork carcass weight equivalent is 1:1.43. *The 2009 statistics are the totals of January-September time period.

Best Prospects/Services

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Taiwan has eliminated its tariff rate quotas on certain pork items including pork bellies and pork variety meats. Under Taiwan's WTO commitments, Special Safeguards (SSG) came into play in 2005. Taiwan's pork consumption is relatively stable, and local producers supply most of the market. Significant imports have only occurred in the past to supplement occasional short supply or high prices of local pork. However, in the past decade, U.S. pork has gained acceptance by Taiwan food processors, and there remains a steady demand for pork imports for processed foods.

Total 2007 pork imports plummeted since the summer of 2007 following the Taiwan authority's increased scrutiny over a feed additive, Paylean (ractopamine or ractopamine hydrochloride), which has been commonly used in the production of U.S. pork for many years. Total pork Imports in 2008 recovered, due mainly to high prices of locally produced pork resulting from lower production. However, during this period of heightened scrutiny focused most intensively on imported U.S. pork, Canada replaced the United States to become the leading pork supplier in the Taiwan market. The U.S. share dropped from 60% in 2006 to 48% in 2007 and further to 46% in 2008 while the Canadian share grew from 36% to 47% and 50% in corresponding years. Taiwan importers are still cautious about bringing in certain cuts of U.S. pork until the uncertainty associated with its testing can be removed.

Opportunities

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Although the Taiwan pork market is dominated by local production, certain variety meats are in high demand and are undersupplied. By exporting these niche market pork muscle meats and variety meat products to Taiwan, U.S. exporters are able to achieve better profits.

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

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For general information on U.S. agricultural exports:

Foreign Agricultural Service: <http://www.fas.usda.gov>
U.S. Food Taiwan: <http://www.usfoodtaiwan.org>

For Taiwan's agricultural trade statistics:

Council of Agriculture: <http://www.coa.gov.tw>

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Fresh Fruit

Overview

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	2008	2009*	2010 (estimated)
Total Market Size	\$2,515	\$2,170	\$2,442
Total Local Production	2,162	1,900 **	2,100
Total Exports	39	35	38
Total Imports	392	305	380
Imports from the U.S.	177	126	160

Notes: Figures are in millions of USD. * Totals for January-October time period. ** Estimated local production

Source: Global Trade Atlas

Best Products/Services

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Characteristics of the Taiwan Fruit Market

- World's highest per capita consumption of fresh fruit -- 135 kgs which is about 2-3 times more than other countries.
- Imported fruit market share vs domestic fruit -- 12% by value; 25% by volume
- In Taiwan, there is no trait that is "too sweet," always the sweeter the better.

In 2008, Taiwan imported approximately US\$392 million worth of fresh fruit. The United States was the major supplier, accounting for 45 percent of Taiwan's total fresh fruit imports, followed by Chile (15%), New Zealand (12%), and Japan (11%).

The major U.S. export items to Taiwan included peaches & nectarines (\$42,888,487; 87% market share), apples (US\$53,953,227; 38%), cherries (US\$33,819,474; 55%); grapes (US\$21,520,941; 60%), plums & sloes (US\$10,998,114; 85%), oranges (US\$4,487,929; 73%); grapefruit (US\$1,506,614; 67%); and pears (US\$1,017,684; 7%). To take advantage of this leading position, U.S. suppliers are encouraged to focus on deepening market relationships. Responding to importer priorities will also help retain long-term dominance in high-volume fresh fruit categories. Some products such as Fuji apples and cherries have especially strong markets in Taiwan. (Figures inside parentheses represent import value and market share for 2008 (January-December).

Opportunities

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U.S. exporters have also been very successful at introducing new fruit types and varieties to the Taiwan market. The best growth opportunities for U.S. suppliers are in "new-to-market" temperate fruits, of which cherries, strawberries, and blueberries provide positive recent examples. Peripheral varieties of established fruit categories (e.g., the "Dinosaur Egg" plum and flat peach) and fresh fruits not previously sold in quantity in Taiwan (e.g. raspberries, blackberries, and pomegranate) also have significant growth potential, both in consumer/retail and food service channels. There are strong growth prospects for niche fruit categories (berries, flat peaches, pluots, etc.). As these products become more widely available, they will enter increasingly mainstream consumption and become more attractively priced for the mass market. There is also the potential for more "new" niche fruits to win high-value beachheads in Taiwan as well. The U.S. is the largest supplier of fruit in these categories.

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

Taiwan Stone Fruit Annual (TW9042):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/STONE%20FRUIT%20ANNUAL_Taipei_Taiwan_8-20-2009.pdf

Taiwan Fresh Deciduous Fruit Annual (TW9064):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/FRESH%20DECIDUOUS%20FRUIT%20ANNUAL_Taipei_Taiwan_12-18-2009.pdf

For general information on U.S. agricultural exports:

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

U.S. Food Taiwan: <http://www.usfoodtaiwan.org>

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Dried and Frozen Fruit

Overview

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	2008	2009*	2010 (estimated)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	\$5	\$4	\$5
Total Imports	56	33	50
Imports from the U.S.	17	15	17

Notes: Figures are in millions of USD. *Totals for January-October time period

Source: Taiwan Council of Agriculture

Best Products/Services

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Fruit and berry flavors lead market trends toward new and innovative tastes. Taiwan consumers generally like the taste of dried and frozen fruit and welcome new products.

In addition, natural fruit ingredients offer processed food manufacturers new opportunities to promote associated nutrition and health (functional) benefits. Raisins and prunes continue to dominate the dried fruit category, although sales of these products are advancing at a much slower pace than previously because of strong competition from competitors such as China (prunes) and Argentina (raisin).

Opportunities

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U.S. exports of snack fruits such as dried cranberries, mixed dried fruits, and ingredient-ready dried and frozen berries (e.g., blueberries, raspberries, and cranberries) continue to enjoy a steadily increasing share of the overall segment. These products promise to maintain bullish growth through the near future as new flavors work their way into the mainstream prepared food market.

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

Taiwan Stone Fruit Annual (TW9042):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/STONE%20FRUIT%20ANNUAL_Taipei_Taiwan_8-20-2009.pdf

Taiwan Fresh Deciduous Fruit Annual (TW9064):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/FRESH%20DECIDUOUS%20FRUIT%20ANNUAL_Taipei_Taiwan_12-18-2009.pdf

For general information on U.S. agricultural exports:

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

U.S. Food Taiwan: <http://www.usfoodtaiwan.org>

In Taiwan, please contact the AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Poultry (Ready to cook)

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	2008	2009 *	2010 (estimated)
Total Market Size	688.0	522.0	695.0
Total Local Production	614.0	465.0	615.0
Total Exports	7.7	4.2	5.0
Total Imports	81.7	61.5	85.0
Imports from the U.S.	65.5	51.0	71.0

Notes: Figures are in thousands of metric tons. *The 2009 statistics are the totals of January-September time period.

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Increased demand for all poultry products pushed up prices in 2008, yet the market for imports remained strong. U.S. chicken exports to Taiwan rose 15.94% in the 2008 reaching \$88 million even though unit price of imported U.S. poultry products is 14% over 2007 levels.

As total poultry import volumes decreased in 2007, the 2009 SSG trigger volume for chicken wings and legs is set to decrease from the 2008 level of 84,911 mt to 74,725 mt. The trigger volume for other chicken cuts will also decrease from 4,593 mt to 3,574 mt. As of December 14, 2009, the import volume of chicken wings and legs was close to the trigger level.

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U.S. dark meat products are still very competitive with local production. Healthy U.S. export growth is expected to continue for several years as the market adjusts to increasing competition. Significant growth opportunities exist, in particular, for those commercial producers who are able to address importer concerns regarding cut and packaging specifications. Imported poultry has gained market acceptance in processed food and food service channels, but retailers are less accepting due to consumer concerns regarding frozen chicken meat taste. Consumer preference for home use, is still for locally raised “fresh/chilled” product or live chickens selected and slaughtered at neighborhood wet markets.

At the present time, the United States is the only significant poultry exporting country with sanitation permits to export to Taiwan. Canada is becoming more of a threat to U.S. exporters as Canadian poultry products are considered to have lower level of water added after slaughter. While the U.S. currently has a virtual monopoly on poultry imports, the strong potential for real 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. Other factors potentially impacting poultry demand and U.S. export opportunities include domestic concerns over avian influenza, bans of poultry products from States where low-path avian influenza cases were found, and the potential for marketing imported poultry products through fresh/retail channels.

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

Taiwan Annual Report 2007 (TW7001):
<http://www.fas.usda.gov/gainfiles/200612/146269873.pdf>

For update of export requirements for Taiwan:

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

For general information on U.S. agricultural exports:

Foreign Agricultural Service: <http://www.fas.usda.gov>
U.S. Food Taiwan: <http://www.usfoodtaiwan.org>

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Ready-to-use-Ingredients

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Ready-to-use industrial ingredients are scattered among various HS Codes. Trade data below shows the most promising categories, including Cheese (next section), Chocolate/Cocoa for Processing, Sauces/Condiment Preparations, and Coffee.

HS Code 1806: Chocolate/Cocoa for Processing

	2008	2009*	2010 (estimated)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	1.3	1.2	1.6
Total Imports	65.7	38.5	53.8
Imports from the U.S.	13.3	10.4	14.5

Notes: Figures are in millions of USD. * Totals for January-September time period
Source: Bureau of Foreign Trade in Taiwan (2009 post unofficial estimates)

HS Code 2103: Sauces/Condiment Preparations

	2008	2009*	2010 (estimated)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	32.1	22.9	32.0
Total Imports	62.1	48.0	67.1
Imports from the U.S.	11.9	9.1	12.7

Notes: Figures are in millions of USD. *Totals for January-September time period
Source: Bureau of Foreign Trade in Taiwan (2009 post unofficial estimates)

HS Code 0901: Coffee

	2008	2009*	2010 (estimated)
Total Market Size	12,133	13,431	18,803
Total Local Production	533	612	856
Total Exports	295	280	392
Total Imports	11,600	9,614	13,460
Imports from the U.S.	824	615	860

Note: Figures are in metric tons. * Totals for January-September time period
Source: Bureau of Foreign Trade in Taiwan (2009 post unofficial estimates)

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Taiwan's general economic malaise of recent years curtailed consumer spending which hit food processors that once enjoyed strong growth with minimal product variety. Increasingly vigorous competition for consumer attention continues to drive many food processors to innovate their mainstream and traditional food product lines. As a result, importer education along with technical/application support is advised in order to ensure a positive processor experience with a new ingredient product.

Imports of cocoa and cocoa mixes are primary used for making chocolates or ice cream. Italy, Japan, and the U.S. are the three major suppliers for this category. In 2008, the U.S. ranked as Taiwan's number one supplier of cocoa mixes in terms of import value.

Another example of ready-to-use ingredients is Sauces/Condiment preparations, especially tomato ketchup/paste/sauces and mustard flour/meal used to meet the demand of the local food service sectors. Japan, the number one supplier for this category, exports 140% more than the United States, which ranked number two in 2008.

Taiwan's insatiable demand for coffee continues to grow at a rapid pace. Taiwan's coffee consumption is estimated to rise ten percent in 2009. Statistics show that Taiwan once again set record high coffee imports in 2007. Local coffee production is also on the rise. Most of the domestic coffee is consumed locally for tourists visiting coffee farms. Official data showed Taiwan coffee exports are also growing.

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Trends that bode well for this category include: 1) the increase in consumption of ice cream and chocolates, along with numerous Western retail chains selling high-end ice cream products including "Big Tom", "Cold Stone", "Hagen Daz", etc., 2) the increasing numbers of people dining out on a regular basis, 3) the continued good growth in demand for coffee and the strong uptick in retail coffee outlets (for example 85°C) have spurred favorable sales of coffee. These chains have contributed to demand for western style food ingredients.

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

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

Taiwan Retail Food Sector (TW6015)
<http://www.fas.usda.gov/gainfiles/200604/146187588.pdf>

HRI Food Service Sector (TW6008)
<http://www.fas.usda.gov/gainfiles/200603/146187161.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov
U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Cheese

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	2008	2009*	2010 (estimated)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	10	11	15
Total Imports	16,201	13,436	17,916
Imports from the U.S.	2,362	1,687	2,596

Notes: Figures are in tons. * Totals for January-September time period

Source: Bureau of Foreign Trade in Taiwan (codes: 04061000, 04062000, 04063000, 04064000, and 04069000)

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According to the Bureau of Foreign Trade in Taiwan, cheese imports in 2009 calendar year are estimated at 17,916 mt, with a total value of \$65 million.

Total cheese imports in 2009 are estimated to rebound by 11% due to the stable demand in the baking sector and the fading impact of a melamine food contamination scandal that has impacted the baking industry in 2008.

U.S. cheese exports to Taiwan are expected to continue steaming along at better than 10 percent growth each year, especially in the food service sector. U.S. cheese is expected to capture 14% market share in 2009.

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Cheese has the potential to grow as an ingredient in western-style dishes. On a per capita basis, cheese consumption in Taiwan (0.7 kg in 2008) is still very small compared to most Western countries and Japan. The key for success is to encourage more consumption by continuing education toward consumers about the nutritional benefits of cheese. U.S. cream cheese, mozzarella, and cheddar have gained recognition by Taiwan bakers through long-term marketing programs offered by the Agricultural Trade Office and the United States Dairy Export Council. The potential sector for growth lies in the food service category, as the applications of gouda, mozzarella and cheddar are versatile in western-style dishes but local chefs haven't gained full knowledge about these products.

Taiwan consumers are developing more sophisticated tastes for cheese products in recent years. In the past, consumers tended to associate cheese with pizza or sandwiches. Nowadays, consumers eat cheese in a variety of foods and meals. More and more consumers are enjoying cheese together with wine. Cheese is also being applied as a topping to baked potatoes. Frequent retail promotions and samplings in up-scale retail stores will improve consumer awareness of U.S. cheeses and associate cheese with other foods.

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

Taiwan Dairy Annual (TW8056):

<http://www.fas.usda.gov/gainfiles/200811/146306378.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: <http://www.fas.usda.gov>
U.S. Food Taiwan: <http://www.usfoodtaiwan.org>

Other references:

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

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Engineered Wood

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	2008	2009 ****	2010 (estimated)
Total Market Size	NA	NA	NA
Total Local Production*	NA	NA	NA
Total Exports	31.01	21.0***	d26.0
Total Imports	241.6	165.0	242.0
Imports from the U.S.	32.1	21.0	34.0

Notes: Figures are in millions of USD. *No official data for local production of engineered wood products is available. **Wood products defined as engineered wood in this sector are under HS Codes 440320, 440710, and 4408. ***The growth of engineered wood products in 2009 is faltering and the trade data in the first 9 months reflects a significant drop in shipments. **** The 2009 statistics are the totals of January-September time period.

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A number of efforts are being undertaken by the Taiwan authorities to demonstrate green building technologies, increase the practice of green building, and to make information on green building more readily available. With the Ministry of Interior's announcement on increasing the use of green building materials used in both public and commercial buildings from 5 to 30%, the utilization of sustainable energy resources has become a major focus of the construction industry.

In addition, after many years of negotiations and consultations, the Taiwan Construction and Planning Agency of the Interior Ministry (CPAMI) announced on October 31, 2008 a working set of fire code regulations which should result in a significant increase in the use of U.S. wood products in Taiwan construction/housing projects in the future.

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While the bulk of the engineered wood market consists of low-end plywood and fiber/particle board, changes in construction regulations, government procurement priorities, and consumer attitudes promise to spur interest in high-end engineered wood

products such as structural glulam and special-application laminated wood -- categories in which U.S. suppliers have particular expertise and competitive advantages.

With the recent U.S. economic downturn, U.S. wood exporters have been offering more attractive prices to buyers with certain specifications for export to Taiwan. Government agencies are also expected to continue encouraging public building projects in order to boost the slow economy.

In order to reflect the central government agencies' green building policies, the forestry, and building and construction authorities also hope to revise the building regulations in National parks, limiting buildings and construction to only adopt wood structure designs.

The 2010 Taipei International Flora Expo, which will open for the first time in Taiwan from Nov. 2010 to April 2011, also brings many opportunities to the U.S. wood industry. Major exhibition plazas of the Expo are designed with treated wood lumber from the United State. Trade data shows that although engineered wood shipments fell off, U.S. pine products, treated and non-treated, jumped 24% in volume over last year's levels.

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

Announcement of Taiwan Fire Codes for Wood Frame Construction (TW8066):
<http://www.fas.usda.gov/gainfiles/200811/146306360.pdf>

Quarantine Requirements for Wood Packaging Material used in Imported Commodity (TW9023)
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Quarantine%20Requirements%20for%20Wood%20Packaging%20Material%20used%20in%20Imported%20Commodity%20_Taipei%20ATO_Taiwan_4-10-2009.pdf

For general information on U.S. agricultural exports:

Foreign Agricultural Service: <http://www.fas.usda.gov>
U.S. Food Taiwan: <http://www.usfoodtaiwan.org>

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Chocolate & Other Candy

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	2008	2009**	2010 (estimated)
Total Market Size	\$231.0	\$176.0	\$230.0
Total Local Production	168.0*	135.0*	170.0*
Total Exports	18.0	15.0	22.0
Total Imports	81.0	56.0	82.0
Imports from the U.S.	9.0	6.0	10.0

Notes: Figures are in millions of USD. * ATO estimates - no official data for chewing gum production since 2008. **Totals for January-October time period.
Source: Global Trade Atlas

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Taiwan imported approximately US\$81 million of chocolate and candy products in 2008, a 14% increase compared with the previous year. Chocolate candy products constitute approximately 61% of the candy import market. In 2008, Japan was the largest supplier with a 21% market share, followed by Italy (16%), the United States (11%), Malaysia (7%), France (5%), and Belgium (3%). Italy and other EU countries mainly supplied chocolate products. Part of the success of imported candy products from the EU and the United States is that they compare favorably to domestic products in both price and quality. The United States used to hold a slightly larger market share than its competitors. However, the entry of major European chocolate product manufacturers as well as lower priced candies from other countries has shifted some market share away from U.S. suppliers. Industry sources estimated a slight growth of production and exports due to increasing demand from China in 2009. Local consumption is anticipated to remain flat due to a relatively sluggish economy and greater emphasis on health foods.

Opportunities

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U.S. candy products are considered competitive in terms of both quality and cost. The Taiwan candy market has become more mature and consumers are beginning to demand a wider variety of candies. With 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.

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

Taiwan Retail Food Sector (TW6015):

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

Taiwan Candy, Gum, and Chocolate (TW9040)

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

For general information on U.S. agricultural exports:

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

U.S. Food Taiwan: <http://www.usfoodtaiwan.org>

In Taiwan, please contact the AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Pet Food

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	2008	2009*	2010 (estimated)
Total Market Size	\$91.0	76.0	\$94.0
Total Local Production	14.0	14.0	16.0
Total Exports	0.4	0.6	0.6
Total Imports	77.0	63.0	79.0
Imports from the U.S.	30.0	25.0	32.0

Notes: Figures are in millions of USD. *Totals for January-October time period

Source: Global Trade Atlas

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In 2008, Taiwan imported US\$77 million worth of pet food (dog & cat food put up for retail sale), a 13% increase from the previous year. The United States continued to lead the market trend with a 39% market share. It was followed by Australia (21%), Thailand (19%), and France (13%). The import pet food market in Taiwan grew from US\$31 million in 2001 to US\$77 in 2008. The growth in the Taiwan pet food market can be attributed mainly to a change in attitude toward animals as pets and a subsequent shift from feeding table scrapes to stray animals to serving pet food to well cared for pets. With rising incomes and strong western influences, dogs are now a symbol of affluence in Taiwan. Taiwan pet food imports are expected to grow moderately over the next few years.

Official data on local production of pet food is not available. It is estimated that domestic production yields less than 20% of the total pet food supply, even though retail prices for imported pet food are higher than locally produced pet food products. Currently, the estimated ratio of dog to cat food is 70:30. The ratio of dried to canned pet food is 55:45.

In Taiwan, pet food is sold in pet specialty stores, pet clinics, supermarkets, hypermarkets, and convenience stores. Larger pet food importers with significant market shares simultaneously employ dual channels of distribution. The first channel is to sell to a distributor, who in turn sells directly to the various retail outlets, breeders, and veterinarians. The second channel is for the importer to sell directly to larger retail outlets and breeders. Currently, large retail stores tend to increase the volume of direct imports to avoid the higher cost of products purchased from importers and local manufacturers.

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For U.S. pet food exports the long-term trend remains competitive but favorable, with U.S. imports enjoying an approximately 40 percent market share.

U.S. pet food brands are commonly viewed as being significantly higher in quality. Quality is the primary reason for pet owners willing to pay a higher price. However, a recent entry of pet food in significantly large volume with low prices from Thailand and other Southeast Asian countries is anticipated to impact U.S. pet food exports to Taiwan in the near future. These pet foods with local private labels mainly go to local supermarket/hypermarket stores.

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

Taiwan Pet Food Report (TW8041):
<http://www.fas.usda.gov/gainfiles/200807/146295236.pdf>

For general information on U.S. agricultural exports:

Foreign Agricultural Service: <http://www.fas.usda.gov>
U.S. Food Taiwan: <http://www.usfoodtaiwan.org>

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Wine & Spirits

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Wine

	2008	2009*	2010 (estimated)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	265	163	214
Total Imports	16,396	9,092	11,238
Imports from the U.S.	1,374	823	988

Note: Figures are in thousand liters. *Totals for January-October time period.
Source: Bureau of Foreign Trade in Taiwan (codes: 2204)

Spirits & others

	2008	2009*	2010 (estimated)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	3,310	2,875	3,600
Total Imports	22,453	16,267	20,496
Imports from the U.S.	692	423	533

Note: Figures are in thousand liters. *Totals for January-October time period.
Source: Bureau of Foreign Trade in Taiwan (codes: 2205, 2206, and 2208)

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The Taiwan imports for wine and spirits are estimated at 30million liters with total value of USD 306 million in 2009 calendar year, according to the Bureau of Foreign Trade in Taiwan. Imports have dropped by 20% compared to 2008 due to the lingering economic slowdown which has had a drastic impact on on-premise sales.

In terms of product mix of wine and spirits, Whisky accounts for the largest share, which is estimated 64% by volume and 84% by value in 2009 calendar year. Although Whisky imports fell by an estimated 10% in 2009 vs. 2008, it is the least impacted category during this economic downturn.

The grape wine import market is estimated to keep decreasing in volume by 30% in 2009 compared to 2008 because of the slowing economy that discourages the on-premise consumption. Grape wine accounts for 36% of wine and spirits imports volume. Taiwan consumers are more sophisticated and open-minded in wine tasting compared to five years ago as a result of increased wine education efforts. On the one hand, the low-priced wine choices from Chile and Australia intensify the market competition in the entry-level wine drinking segment. On the other hand, consumers are receptive to high-quality wine at premium prices when they dine at fine restaurants.

The image of U.S. wine is commonly associated with California, which is well recognized by Taiwan consumers and the media. In recent years, there has been more diversity in sourcing from other American states and grape varieties, such as wine from Washington State being sold in Costco retail stores, and Pinot Noir from Oregon being promoted by the industry.

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American Bourbon has great potential in this market but requires an aggressive marketing push to make impact on signal malt Scotch market. The leading player, U.K., has held a 95% market share for four consecutive years. After the long-term education and influences from local U.K. Whisky experts who usually publish their books or carry columns in the media, Taiwan consumers have a strong preference for single malt scotch and as a symbol of status are willing to pay higher prices to give premium scotch as a gift or drink it on special occasions. According to domestic retailers, the market for single malt scotch is expected to continue to grow. American spirit producers should take advantage of demand and appreciation in Taiwan for premium quality products by launching consumer education programs.

U.S. wine has the potential to grow if the players can create more promotions by taking the opportunities of important festival occasions at the retail and VIP sectors. The market for wine and spirits is maturing in terms of consumer sophistication. However, the shopping pattern is more and more concentrated before festival seasons, such as Moon Festival, company's year-end parties and Chinese New Year. Consumers or company's purchasing agents tend to take the opportunity to taste the wines in the wine shops or retail stores and then order larger quantities of these gift-giving occasions. Therefore, besides pulling through from the importers/distributors, the brand makers can adopt integrative and consistent consumer education programs to remind consumers of their brand and provide consumers with special promotions for orders of larger volumes. Long-term consumer education will cultivate consumers in recognizing U.S. wine and the right-timing promotion will stimulate immediate purchases.

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

Wine and Spirits Market Update (TW7027)
<http://www.fas.usda.gov/gainfiles/200706/146291374.pdf>

Grape Wine Market Update (TW9039)

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Wine_Taipei%20ATO_Taiwan_7-28-2009.pdf

For general information on U.S. agricultural exports:

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

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In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Fish and Seafood Products

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	2008	2009*	2010 (estimated)
Total Market Size	\$2,213	2,255	2,350
Total Local Production	2,921	2,600	2,900
Total Exports	1,599	1,036	1,400
Total Imports	891	691	850
Imports from the U.S.	33	15	20

Notes: Figures are in millions of USD. *Totals for January-October time period
Source: Global Trade Atlas; Fishery Agency, Taiwan Council of Agriculture

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Taiwan's total fishery product imports were 398,739 mt by volume and US\$891 million by value in 2008. Fish, crustacean, and molluscs each accounted for 64%, 27%, and 9% of total seafood imports. Vietnam was the largest supplier with a 14% market share, followed by China (13%), Australia (10%), Thailand (8%), Indonesia (8%), Japan (6%), Norway (5%), Chile (5%), the United States (4%), and Canada (3%).

The seafood market is highly competitive in Taiwan, no one country is the dominant supplier. The United States supplied approximately US\$33 million of seafood products in 2008. The major U.S. export items to Taiwan included fish roe (US\$6,474,000), surimi (mainly pollock and cod) (US\$2,400,000), cod (US\$2,070,000), scallops (US\$1,079,000), sea cucumber (US\$881,000), oyster (US\$641,000), and salmon (US\$189,000), (Figures inside parentheses represent import value for 2008 (January-December)).

Seafood is an important part of the diet in Taiwan. Imported seafood items occupy a unique and growing niche in Taiwan's domestic seafood market. The demand for quality seafood is growing due to increasing income and new dietary trends.

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Although traditionally a net exporter (by value, but not volume) of seafood, Taiwan consumers have recently developed new and different food preferences and U.S. seafood products carry a high quality image. Most U.S. seafood is consumed in restaurants, rather than purchased at supermarkets or traditional wet markets. There is a niche for seafood imports as demand for quality seafood is growing and Taiwan's

domestic fisheries industry declines. Consumers are usually unaware whether the seafood they purchase is imported or domestically produced. Promotion or taste testing would have to be conducted to make consumers aware that their purchases are from the United States. Importers and wholesalers however have an awareness and appreciation for the quality of U.S. seafood.

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For general information on U.S. agricultural exports:

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

U.S. Food Taiwan: <http://www.usfoodtaiwan.org>

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Ginseng

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	2008	2009*	2010 (estimated)
Total Market Size	\$22,016,604	\$19,340,462	\$25,000,000
Total Local Production	0	0	0
Total Exports	9,702,668	6,978,654	5,000,000
Total Imports	22,016,604	19,340,462	25,000,000
Imports from the U.S.	461,140	632,781	800,000

Notes: Figures are from Global Trade Atlas, Statistics in US dollars. *Totals for January-October time period.

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Taiwan is one of the world's leading consumers of ginseng products. Due to its climate, Taiwan does not cultivate ginseng and all ginseng is imported mainly from China, South Korea, Canada, and the United States. Total import of ginseng in 2008 decreased by 35% in terms of value and 55% in terms of volume compared to 2007.

Taiwan Import Statistics							
Commodity: 121120, Ginseng Root Used Primarily In Pharmacy, Perfumery, Insecticide, Fungicide Or Similar Purpose							
Calendar Year: 2006 - 2008							
Partner Country	Unit	2006		2007		2008	
		USD	MTs	USD	MTs	USD	MTs
World	MT	19,458,216	1,741	34,048,263	1,886	22,016,604	1,218
China	MT	10,626,455	1,561	20,195,198	1,717	11,431,789	1,119
Korea South	MT	5,685,250	31	11,213,317	50	9,183,967	42

Canada	MT	1,998,894	124	1,630,824	100	784,792	42
United States	MT	970,713	17	826,625	11	461,140	6
Guatemala	MT	-	-	-	-	60,773	3
Korea North	MT	96,495	3	47,003	1	47,554	1
Japan	MT	68,724	5	90,655	3	43,741	2
Malaysia	MT	-	-	601	-	2,847	3

Notes: Figures are from Global Trade Atlas, Statistics in US dollars.

The United States is the fourth largest exporter of ginseng to Taiwan. In 2006, US ginseng still had 5% market share of Taiwan's total imports. However, in 2007 and 2008, US ginseng accounted for only 2.43% and 2.09% market share respectively and its market share continues to shrink.

Taiwan Import Statistics – Market Share							
Commodity: 121120, Ginseng Root Used Primarily In Pharmacy, Perfumery, Insecticide, Fungicide Or Similar Purpose							
Calendar Year: 2006 - 2008							
Partner Country	United States Dollars			% Share			% Change 2007/08
	2006	2007	2008	2006	2007	2008	
World	19,458,216	34,048,263	22,016,604	100.0	100.0	100.0	- 35.34
China	10,626,455	20,195,198	11,431,789	54.61	59.31	51.92	- 43.39
Korea South	5,685,250	11,213,317	9,183,967	29.22	32.93	41.71	- 18.10
Canada	1,998,894	1,630,824	784,792	10.27	4.79	3.56	- 51.88
United States	970,713	826,625	461,140	4.99	2.43	2.09	- 44.21

Notes: Figures are from Global Trade Atlas, Statistics in US dollars.

The volume of US ginseng exports to Taiwan has decreased from 17 tons to 6 tons for the last three years (2006-2008). However, the unit value for US ginseng has been increasing over the past three years. (Please refer to table 4). South Korea is the second largest ginseng supplier to Taiwan. Its market share has been increasing since 2006 from 29.22% to 41.17%. However, the unit value for South Korea ginseng is the highest among the top four suppliers. Its unit value is almost 3 times higher than that of the United States.

Taiwan Import Statistics – Unit Value				
Commodity: 121120, Ginseng Root Used Primarily In Pharmacy, Perfumery, Insecticide, Fungicide Or Similar Purpose				
Calendar Year: 2006 - 2008				
Partner Country	Unit	Unit Value(United States Dollars)	% Share	% Change

		2006	2007	2008	2006	2007	2008	2007/2008
World	MT	11,174.63	18,051.22	18,082.69				0.17
China	MT	6,807.67	11,759.47	10,216.26				- 13.12
Korea South	MT	186,364.98	223,386.18	218,431.84				- 2.22
Canada	MT	16,141.20	16,375.21	18,849.78				15.11
United States	MT	56,634.39	71,899.20	80,240.09				11.60

Notes: Figures are from Global Trade Atlas, Statistics in US dollars.

Wisconsin Ginseng farmers account for 95% of the total cultivated ginseng production of the United States. But over the past 20 years, Wisconsin's share of Taiwan's ginseng market has steadily decreased from 98% to 3%. This dramatic decline is attributed to three primary factors 1) market pressure from China, Canada and Korea; 2) lack of marketing efforts in Taiwan by US exporters; 3) the failure to control and manage the Wisconsin Ginseng Board seal in past years.

Societies throughout Asia place great value on the benefits of ginseng. It has been widely used in Chinese medicine throughout Asia to improve overall energy and vitality, particularly during times of fatigue or stress. Oriental medicine has deemed ginseng a necessary element in all their best prescriptions, and regards it as a preventive, cure and treatment for the infirmities of old age.

Many years ago, Wisconsin grown American ginseng was marketed very aggressively and enjoyed a strong presence in the Taiwan market. Its pure and clean premium quality were well received and recognized by Taiwan consumers. The Hong Kong based Ginseng Board of Wisconsin (GBW) representative was able to register more than 30 ginseng importers as certified members of GBW, allowing them to use GBW's licensed seal on their products. However, high sales for Wisconsin ginseng were not maintained for long. GBW lacked effective monitoring and management of their seal in the market, because it did not require importers to renew their membership. All importers registered and paid the license fee for one year only, but continued to use the GBW seal on their ginseng root and ginseng products. Taiwan importers are very cost sensitive, some imported cheaper ginseng from Canada and China mislabeling the product with the GBW seal. Trade pirating has seriously impacted the sales of Wisconsin ginseng and jeopardized its image. The Wisconsin Ginseng Board started to address this situation in past couple of years.

Opportunities

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In comparison with other imported ginseng products, Wisconsin ginseng prevails by its superior quality, purity and safety. Toxic fungicide residues, such as *quintozene and *hexachloribebzene which are often found in ginseng from other origins, are not allowed to be used in ginseng from the United States.

In Taiwan, the number of newly born babies is significantly decreasing, while the aging population (+65 years) is growing. Elderly people are the major buyers for traditional Chinese medicine products including Wisconsin ginseng. As people are getting older, they are more focused on their health. Healthy products are becoming very popular and

meets also the aging-consumers' needs. These consumer trends provide Wisconsin ginseng the opportunity to position itself as a high quality product that enhances health.

Low value American style ginseng grown in China Low-value has flooded the market and is often labeled as coming from other origins such as Korea, the United States and Canada, but is seldom sold as Chinese origin. The Wisconsin Ginseng Board is fighting against the fake ginseng and addressing trademark violations. A hologram mark for the Wisconsin Seal and bar coding system will be implemented in the near future to avoid fake packaging and once again build up the image of genuine Wisconsin ginseng.

Resources

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

Taiwan Market Development Reports Ginseng 2006(TW6006):
<http://www.fas.usda.gov/gainfiles/200602/146176827.doc>

For general information on U.S. agricultural exports:
U.S. Food Taiwan: <http://www.usfoodtaiwan.org>

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

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Import Tariffs

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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. Taiwan continues to make unilateral improvements to its tariff structure on finished goods and raw materials and has decreased the average nominal tariff rate on imported goods from 5.6 percent in 2006 to 5.56 percent in 2009.

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 put into effect a new version of its tariff schedule reclassifying 11 percent of the tariff lines to the ten-digit level. U.S. industry continues to request that Taiwan lower tariffs on imports of many products, including large motorcycles, wine, canned soups, cookies (sweet biscuits), 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, Taiwan has committed to eliminate fully TRQs on small passenger cars by 2011.

Trade Barriers

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Although authorities have taken steps to improve the business and investment climate, U.S. firms report that impediments remain in some sectors, especially services. Rules on local licensing of professionals are cited as a barrier to foreign providers of some services. Some foreign investors complain of lengthy and non-transparent approval

processes. Taiwan's science-based industrial parks and export processing zones, by contrast, offer streamlined procedures.

Import Requirements and Documentation

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Under the terms of the Foreign Trade Act, most commodities can be imported freely. No import permit or licensing is required and importers can apply for customs clearance directly. Import permits or documents are required for commodities under the Negative List, which are subject to import restriction. Commodities under the Negative List include those under certain international treaties or trade agreements and items subject to national defense, society security, cultural protection, hygiene, and environmental and ecological concerns, as well as those subject to policy demands. Products subject to import ban can 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 the commercial invoice, bill of lading or airway bill, and packing list. A certificate of origin is also required for designated commodities such as sedans, other small passenger cars and chassis, tobacco and alcohol products, and some agricultural products. Shipments of agricultural products, plants, and animals to Taiwan may require certificates of inspection or quarantine issued in the country of origin and are subject to inspection and quarantine upon importation into Taiwan.

The commercial invoice must show the import license number; FOB, C&F, or CIF value; insurance; freight; and discounts or commissions, if any. The commodity description and value shown on the commercial invoice must agree with those on the import license, if any. No requirements exist as to the form of a commercial invoice or a bill of lading. In addition to the information generally included in a standard bill of lading, all marks and case numbers appearing on packages must be shown. Customs does not permit the grouping of marks or numbers on a shipment of mixed commodities.

U.S. Export Controls

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

A relatively small percentage of total U.S. exports and re-exports require an application to BIS for a license. License requirements are dependent upon an item's technical characteristics, the destination, the end-user, and the end-use. It is the responsibility of the U.S. exporter to determine whether a given export requires a license.

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

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

U.S. Department of Commerce
Washington D.C.
Tel: 202-482-4811
Fax: 202-482-3617

Newport Beach, California
Tel: 949-660-0144
Fax: 949-660-9347

San Jose, California
Tel: 408-998-7402
Fax: 408-998-7470

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

Temporary Entry

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Taiwan is not a member of the Admission Temporaire/Temporary Admission (ATA) Carnet system. However, Taiwan has signed bilateral agreements with 37 nations, including the United States, to implement provisions of the ATA Carnet. These agreements grant temporary customs exemptions for commercial samples, professional instruments and equipment, as well as exhibition goods that are brought into Taiwan for sales promotion and exhibition purposes. They facilitate international business by avoiding extensive customs procedures, eliminating payment of import duties and value-added taxes, and replacing the purchase of temporary import bonds. Items must be shipped out of Taiwan within one year of the event's conclusion to avoid imposition of import tariffs and other taxes.

The agreement with the United States to implement the TECRO/AIT Carnets was signed in December 1999. Like the ATA Carnet, TECRO/AIT Carnets are valid for up to one year and allow U.S. exporters to avoid duties and taxes when entering Taiwan. The TECRO/AIT Carnets issued exclusively for Taiwan are very similar to the traditional ATA Carnets, but must be applied for separately (due to the U.S.'s lack of diplomatic recognition of Taiwan). For example, if traveling to both Taiwan and an ATA Carnet country, one would have to apply for a TECRO/AIT Carnet and an ATA Carnet. Questions regarding the process of the TECRO/AIT Carnets should be directed to:

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

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

Labeling and Marking Requirements

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

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

Food Product Labeling: As required by the March 1995 amendment to Taiwan's "Law Governing Food Sanitation," Taiwan requires Chinese language labeling for food items sold at retail (with some exemptions for selected food-service items) and requires that the labels be affixed before customs clearance. Required information includes name and address of the manufacturer or importer, expiry date, list of food additives, and weight, volume, or quantity of ingredients. In addition, all food products containing five percent or more bioengineered soybean or corn ingredients by weight must be labeled as "Genetically Modified (GM)" or "Containing Genetically Modified." Highly processed food items (items with no proteins or DNA) do not require GM labels. If you have questions on labeling requirements for food products, please contact the AIT Agricultural Trade office at atotaipei@usda.gov

Organics Labeling: The Council of Agriculture (COA) implemented new regulations for organic products on January 29, 2009 and announced recognition of USDA National Organic Program (NOP) certification on March 18, 2009. Under the new regulations, once a foreign country's organic standards have been recognized by the COA, importers will be responsible for 1) notifying the COA for each shipment on a batch basis, and 2) coordinating with their foreign suppliers and certification agencies to apply for approval from the COA to list "organic" on the labels. The increased paperwork and coordination of shipments has raised costs. However, some importers simply replace the listing of "organic" on the label with similar but more ambiguous language such as "natural" to avoid the burdensome paperwork.

Prohibited and Restricted Imports

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In order to comply with its WTO commitments, Taiwan has eliminated about 99 percent of its import controls on 10,862 official import categories. Currently, there are 122 product categories facing import restrictions. Of those categories, 21 require import permits from the Board of Foreign Trade (BOFT) and 101 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 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 China. Taiwan is significantly liberalizing imports of products from China as both have joined the WTO. As of January 1, 2010, 8,617 categories or 79.3 percent of all import categories in the Taiwan tariff schedule can be imported from China. Taiwan continues to review imports from China and considers further relaxation once every six months or as requested by the business sector.

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

Customs Regulations and Contact Information

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Taiwan revised its Customs Law in July 1986 in order to implement procedures consistent with the "Agreement on Implementation of Article VII of the GATT." This article refers to the valuation of all imports for the assessment of duties. In accordance with its WTO accession agreement, Taiwan again amended its Customs Law in May 1997 and formally implemented the amendments to bring Customs Law into conformity with the Customs Valuation Agreement on January 1, 2002.

The dutiable value of an import into Taiwan is defined as its cost, insurance, and freight (C.I.F.) value. Under the Revised Customs Law, duty-paying value (DPV) is based on the transaction value, which is the import cost.

Directorate General of Customs, MOF
No. 13 TaCheng Street, Taipei 103, Taiwan
Tel: 886-2-2550-5500
Fax: 886-2-2550-8111
Website: <http://www.customs.gov.tw>

Standards

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Overview

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

Taiwan promulgated the Standards Act in 1946, establishing a National Bureau of Standards under the MOEA. The Standards Act was amended in 1997 to accommodate changes in global trade and in anticipation of future WTO obligations. The “Regulations for the Establishment of Chinese National Standards” were amended in 1996 and again in 1998 to promote standards quality and to facilitate harmonization of Taiwan’s standards with those broadly accepted internationally. Responsibility for standardization was taken over by the Bureau of Standards, Metrology, and Inspection (BSMI) on January 26, 1999, as a result of a reorganization aimed at integrating conformity assessment activities.

Taiwan’s national standards are based primarily on international standards such as those set up by the International Standards Organization (ISO), International 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 2009, the BSMI has 14,329 national standards. Of these standards, 3,499 correspond with international standards, and the harmonization for 2,595 of them has been completed. The harmonization of Taiwan’s national standards with international standards increased from 46 % in 2001 to 74.2% in 2009.

The BSMI administers the CNS Market Certification System whereby products meeting standards are allowed to carry the CNS mark. The BSMI also carries out necessary food and safety inspection measures while the Bureau of Animal and Plant Health Inspection & Quarantine (BAPHIQ) is responsible for inspection and quarantine for the purpose of safeguarding animal and plant health. Taiwan’s sanitary and phytosanitary (SPS) standards are, for the most part, different from U.S. standards or those established by international regulatory bodies such as the Office of International Epizootic (OIE) or the Codex Alimentarius.

Standards Organizations

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The Standards Division (First Division) of 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: <http://www.nist.gov/notifyus>.

Conformity Assessment

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The Sixth Division of BSMI is in charge of testing and inspection methods. This division currently conducts testing in areas including electromagnetic compatibility (EMC), biochemistry, chemistry, polymers, materials, electrical engineering, and mechanical engineering.

Before 1997, Taiwan relied on batch inspection as the only conformity assessment procedure available to ensure compliance. Along with the development of a technical infrastructure leading to advances in testing capabilities, the Commodity Inspection Act was revised in 1997 and again in 2001 to create a framework for a type-testing system and Declaration of Conformity (DoC) as replacements for traditional batch inspection. The type-testing system was implemented in January 1999 while DoC was introduced for certain electronics products in January 2002.

Under the type-testing system, so called "Registration of Product Certification" (RPC), products are subject to the appropriate conformity assessment modules as determined by the authorities. There are seven modules covering both the design and production phases of product manufacture. The seven modules consist of Internal-Control (Module I), Type-Test (Module II), Conformity-to-Type Declaration (Module III), Full Quality Assurance (Module IV), Production Quality Assurance System (Module V), Product

Quality Assurance (Module VI), and Simplified Quality Assurance (Module VII). Conformity assessment for Module II, which requires safety or electromagnetic compatibility (EMC) testing or inspections, is required for all products. Modules III, IV, V, VI or VII are applied in combination with Module II as specified by MOEA.

The 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. Products using the DoC approach are under market surveillance by BSMI. Products permitted to use the declaration of conformity approach may be imported without customs inspection.

Currently, a total of 67 commodities are covered by the DoC system. These products are digital cameras, digital video cameras, typewriters, cash registers, electronic calculators, card punching machines, optical disc devices, data storage units, class B main boards of computers, add-on cards with I/O devices, and vulcanized rubber tubes. A complete list of products is available on BSMI's website at <http://www.bsmi.gov.tw>.

Product Certification

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

The RPC scheme encompasses requirements for the product design stage (type testing) and manufacturing stage (quality management system). In other words, while applying for the RPC, both the product design and manufacturing process must conform to the requirements specified by BSMI. With the RPC certificate, domestic manufacturers may ship their products and importers may proceed directly with customs clearance.

Importers or firms having small numbers of products for sale in the domestic market may find the BBI with Type Approval approach easier. According to BSMI, upon approval of the sample product, the random inspection rate is about 10 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.

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, 236 products are subject to EMC inspection, of which 11 are mechanical products, 116 electrical items, and 109 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 NAVLAP program. NIST accredited labs outside the U.S. are not accepted by BSMI.

Accreditation

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On January 1, 2004, BSMI integrated the operations of the Chinese National Laboratory Accreditation (CNLA) and the Certification Body Accreditation (CBA) to form the Taiwan Accreditation Foundation (TAF). TAF is the island's sole national 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 personal. 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 1,345 laboratories in Taiwan. There are 38 accredited bodies under TAF engaged in accreditation of management systems -- which include quality, environmental, occupational health and safety, information security, food safety, and green products management systems -- and 42 handling accreditation for commodities.

Detailed information about accreditation in Taiwan is available at TAF's website at http://service.taftw.org.tw/PT/en_pt_main.aspx.

Publication of Technical Regulations

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

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

Taiwan's Commodity Labeling Act was first promulgated in January 1982, and the most recent amendment took effect on June 25, 2004. The Act 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 on the domestic market, labeling and instructions or sales literature written in Chinese must be added to the commodity by the importer. The contents provided in 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 Chinese language.

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

1. Name of the commodity;
2. 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;
3. 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.
4. Date of manufacture in the Chinese calendar or Gregorian calendar; the expiration date or the term of validity if the commodity has a limited duration of storage; and other particulars as required by the Central Government Competent authorities.

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:

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

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>

Department of Commerce, Ministry of Economic Affairs
No. 15 Fuzhou St., Taipei 10015, Taiwan
Tel: 886-2-2341-4986
Fax: 886-2-2391-9973
Website: <http://gcis.nat.gov.tw>

Trade Agreements

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Taiwan joined the WTO on January 1, 2002. Taiwan became a member of the Asia Pacific Economic Cooperation (APEC) in November 1991, and joined the Central American Bank for Economic Integration in 1992. Taiwan is also a member of the Asian Development Bank (ADB), the Pacific Economic Cooperation Council (PECC), and the Pacific Basin Economic Council (PBEC). The information about bilateral and multilateral trade agreements is available at the website of the Board of Foreign Trade (BOFT): <http://www.trade.gov.tw>.

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

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

Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs (MOEA): <http://www.bsmi.gov.tw>

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

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

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Openness to Foreign Investment

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

As part of its efforts to improve the investment climate, Taiwan no longer has a list of permitted investments, but maintains a "negative" list of industries closed to foreign investment for security and environmental protection reasons. Liberalization has reduced that list to 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 completely open to foreign investment.

While most foreign ownership limits have been removed, the foreign ownership limit on wireless and wireline telecommunications firms is 60%, including a direct foreign investment limit of 49%. For state-owned Chunghwa Telecom Co., which controls 97% of the fixed line telecom market, the limit on direct and indirect foreign investment is 55%, including a direct foreign investment limit of 49%. There is a 20% limit on foreign direct investment on cable television broadcast services, but foreign ownership of up to 60% is allowed through indirect investment via a Taiwan entity. Foreign investors now control three 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 49% for high-speed railways. In July 2007, 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) was raised from one third to 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. In mid-2006, Taiwan authorities started permitting NT dollar loans obtained from local banks to 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 liberalizing regulations governing investments from Mainland China, including allowing Chinese direct investment in 64 sectors in manufacturing, 117 in services, and 11 in public construction. Under the "Regulations Governing Permission for People from the Mainland Area to Invest in Taiwan," Mainland entities and foreign companies in which Mainland entities have over 30% shares must first obtain permission from the Ministry of Economic Affairs (MOEA) before establishing a presence in Taiwan or to hold shares in a Taiwan company. The Taiwan authorities may also prohibit or restrict investment from Mainland Chinese enterprises that have military shareholders or have a military purpose, that would be of a monopolistic nature, that would influence national security, or that would "do harm to domestic economic development."

MOEA's Investment Commission (IC) screens applications for investment, acquisitions, and mergers. For projects that are not on the negative list, 95% will generally obtain approval within 3 working days. Specifically, approval of projects with an investment value less than NT\$500 million (US\$15.4 million at an exchange rate of NT\$32.5 per US\$) is generally granted within two working days at the IC division chief level. For investments between NT\$500 million (US\$15.4 million) and NT\$1 billion (US\$46.2 million) that are not on the negative list, approval authority rests with the IC Executive Secretary and normally is also granted within three working days. Approval of investments above NT\$1 billion or on the negative list requires three weeks, as these investments must be referred to the relevant supervisory ministries and require approval of the IC Chairman or IC Executive Secretary. Investments involving mergers and acquisitions require screening at the monthly meeting of an inter-ministerial commission.

Conversion and Transfer Policies

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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 which 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. A local company is not required to obtain prior approval for overseas investments, except to Mainland China. However, if the amount of investment exceeds USD \$50 million, the company has to file an application to MOEA's Investment Commission.

Taiwan has significantly relaxed restrictions on direct investment in China. Taiwan entities are no longer required to go through a third jurisdiction to make their investments on the Mainland. In August 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.

Expropriation and Compensation

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

Dispute Settlement

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Taiwan is not a member of the International Center for the Settlement of Investment Disputes or the New York Convention of 1958 on the recognition and enforcement of foreign arbitration awards. Investment disputes with the Taiwan authorities are not common. Normally, Taiwan resolves disputes according to domestic laws and regulations.

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, both chattel and real, 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 are generally over-worked. As a result, simplified courts have been set up to deal with minor cases that can be resolved quickly. The judgments of foreign courts with jurisdictional authority are enforced in Taiwan by local courts on a reciprocal basis.

Performance Requirements and Incentives

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All of Taiwan's performance requirements were removed in January 2002 upon Taiwan's WTO accession. Taiwan does not require 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 production to obtain tariff-free treatment of production inputs. However, these firms may sell on the domestic market upon payment of relevant import duties.

As part of its 2001 WTO accession, Taiwan promised to phase out industrial offset requirements (IOR) for non-military public procurement upon signing the Agreement on Government Procurement (GPA). Taiwan acceded to the GPA in December 2008, although it started reducing the IOR coverage of non-military procurements as early as 2004. Currently, only railway and power generation projects are subject to IOR. For these two categories, a contract of US\$10 million or more triggers an offset obligation of at least 33%. For military procurements, the threshold is US\$5 million, and the minimum offset obligation is 40%. In some military cases, the offset ratio has reached 70% due to legislative pressure.

Since 1988, Taiwan has signed industrial offset contracts (IOCs) with 51 suppliers from 12 countries. The commitment value of these contracts totals US\$8.6 billion, and realized contracts amount to US\$5.5 billion. Fifty percent of the total realized value was directed to transfer of technologies, 18% to foreign direct investment in Taiwan, 19% to procurement from Taiwan, 5% to trade promotion, 4% to personnel training, and 3% to assessment certification. 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, however, that terms and conditions for model public procurement projects determined by the Taiwan authorities impose large indirect and unforeseeable liabilities on contractors and thereby prevent U.S. firms from bidding on projects.

Right to Private Ownership and Establishment

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Private investors have the right to establish and own business enterprises, except in a limited number of industries involving national security and environmental protection. Private entities can freely acquire and dispose of interests in business enterprises. Private firms have the same access as state-owned companies to markets, credit, licenses, and supplies. Taiwan authorities have largely eliminated state-owned monopolies, except for power transmission and water supply.

Protection of Property Rights

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As a result of Taiwan's continuing efforts to improve its IPR legal regime and enforcement, on January 16, 2009, the Office of the U.S. Trade Representative (USTR) announced that Taiwan has been removed from the Special 301 Watch List. However, the United States continues to be concerned about a number of IPR issues in Taiwan, including the availability of counterfeit pharmaceuticals, infringement of copyrighted material on the Internet, illegal textbook copying, and the level of protection for the packaging, configuration, and outward appearance of products (trade dress). The U.S. is actively working with the Taiwan authorities to address these issues.

The Pharmaceutical Law, as amended in 2004 and 2007, stiffened penalties for production, distribution and sale of counterfeit medicines. A 2005 amendment to the Law authorized pharmaceutical data exclusivity for five years to prevent unfair commercial data use, the same exclusivity period as in the United States. In addition, on December 3, 2009, the Executive Yuan submitted an amendment to the Patent Law that would extend the protection period on patented medicine up to five years if the granting of the license to produce and sell the product in Taiwan is delayed. The Legislative Yuan will likely consider the proposed amendment in spring 2010. However, U.S. original-drug manufacturers complain that Taiwan authorities unfairly allow generic pharmaceutical companies to apply for licenses and for Bureau of National Health Insurance (BNHI) reimbursement prices even before the original drugs' data-exclusivity period has expired.

The Ministry of Economic Affairs' Intellectual Property Office (TIPO) and other relevant agencies have adopted programs to crack down on Internet and physical piracy. To streamline and improve the quality of judicial procedures in IP cases, in July 2008, the Judicial Yuan inaugurated an Intellectual Property Court authorized to handle all new civil and administrative IP litigation, as well as appeals on criminal cases. To combat Internet-related IPR violations, Taiwan has strengthened cooperation with foreign enforcement agencies and passed an amendment to the Copyright Law in June 2007 that subjects illegal file sharing to a maximum jail term of two years. In April 2009, the Legislative Yuan (LY) further amended the Copyright Law to require Internet service providers (ISP) to undertake specific and effective notice-and-takedown actions against online infringers to avoid ISP liability for the infringing activities of users on their networks. In addition, the Ministry of Education (MOE) continues to implement and strengthen an IPR action plan that combats unauthorized textbook copying and illegal downloads on academic computer networks.

Transparency of Regulatory System

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

In addition to tax incentives, Taiwan's science-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. In March 2004, the Council of Labor Affairs (CLA) set up a single window to issue work permits for all white-collar workers. It takes 7 to 10 days for the CLA to issue work permits. The work permit may be extended indefinitely as long as the employer considers the employment necessary.

Taiwan has removed the job experience requirement for the employment of foreign management professionals by global operational headquarters and R&D centers, as well as for firms in designated industries. White-collar workers with a master's degree or above are not subject to any job experience requirement. Those with lower education levels are required to have job experience. Foreign white- and blue-collar workers have the right to obtain permanent residence status after they have legally stayed in Taiwan for seven consecutive years, with a minimum time of residence of 180 days per year. The seven-year requirement is waived for high-tech personnel and those who have made "significant contributions" to Taiwan.

The entry-visa issuance procedures for foreign white-collar workers who work for foreign-invested companies are relatively simple. A foreign executive who enters Taiwan with a tourist visa is no longer required to leave the island before the tourist visa can be changed to an employment visa. Similarly, a foreign executive whose employment visa expires is not required to exit before renewing the visa.

Efficient Capital Markets and Portfolio Investment

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Taiwan's capital market is mature and active. According to the most recent available data, as of the end of 2008, 718 companies had listed in the stock market. The ratio of the market value of listed companies to GDP was 92.4%, which was close to those of the developed countries. The market value of the listed companies in Taiwan was at US\$ 360 billion. The transaction volume of Taiwan's securities and stock exchange market reached US\$ 804 billion, and the turnover rate of the transaction volume was 92.4%. A wide variety of credit instruments, all allocated on market terms, are available to both domestic- and foreign-invested firms. Legal accounting systems are largely transparent and consistent with international standards. The regulatory system is generally fair. Foreign portfolio investors are 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 need case-by-case approval to open new branches. Restrictions on capital flows relating to portfolio investment have also been removed. The banking, insurance and securities industries have been liberalized and opened to foreign investment, except investments from Mainland China, which are subject to separate rules. Access to Taiwan's securities markets by foreign institutional investors has also been broadened.

Taiwan abolished a complicated regulatory system governing foreign portfolio investment in October 2003. Since then, any foreign institutional investor is allowed to enter Taiwan's market. Subsequent registration has replaced the need for prior approval. There is no minimum asset requirement. On-shore foreign investors are still 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 all legal limits on foreign ownership, except for investors from China, in nearly all companies listed on the Taiwan Stock Exchange (TAIEX). Exceptions include public utilities, power distribution, natural gas, postal service, telecommunications, mass media firms, and air and sea transportation. 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.

Taiwan has a tightly regulated banking system, though since the mid-1980s, the financial sector as a whole has been steadily opening to private investment. 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. The market share of all foreign banks in Taiwan (including the eight acquired by foreign investors in 2007 and 2008) increased from 8% in 2006 to 17% in 2009 in terms of assets, and from below 3% to 10.1% in terms of loans. The establishment of a number of new securities firms, banks, insurance companies, and holding companies has underscored this liberalization trend and enhanced competition. Over the past decade, nine state-owned banks have been privatized. The only Taiwan-based reinsurance company was privatized in 2002. State-controlled banks still dominate the banking sector, however, and hold a market share of 50% in terms of assets and 56% in terms of loans.

Competition from State Owned Enterprises

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Taiwan launched privatization programs in 1989 and has succeeded in turning over most of its state-owned enterprises (SOEs) to private hands. As of December 2009, 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 ROC, that do not compete with private firms.

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 their financial situation. Currently, there is no timetable for privatizing existing SOEs except for the Taiwan Tobacco & Liquor Co., which is scheduled to be privatized in March 2011.

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 Land Bank. The CPC controls over 70% of Taiwan's gasoline retail market. Bank of Taiwan, one of Taiwan Financial Holdings' companies, is the island's largest bank in terms of assets. As of September 2009, Bank of Taiwan and the Land Bank account for 19% of domestic banks' total assets. With the exception of the state monopolies, the SOEs compete directly with private companies.

It is worth noting that although some SOEs have been privatized, the Taiwan authorities continue to hold minority shares and still exert a degree of control over the privatized companies, including through the appointment of 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., and ten financial institutions.

In the banking industry in particular, the state plays a dominant role. The ten banks with minority state shares, combined with the SOEs Bank of Taiwan and the Land Bank, jointly account for about 60% of the overall domestic banking assets. Most of these banks are large in scale compared to the purely private financial institutions. Not all of them, however, make full use of economies of scale, and some banks have been underperforming. In the third quarter of 2009, the return on assets (ROA) for Bank of Taiwan, for example, is 0.13%, lower than the domestic banks' average ROA of 0.19%, according to statistic from the Central Bank.

Corporate Social Responsibility

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Corporate social responsibility is a growing concept in Taiwan, one that is actively promoted by the Taiwan authorities. To help businesses embrace responsibility for the impact of their activities on the environment, consumers, employees, and communities, the Ministry of Economic Affairs (MOEA) and the Financial Supervisory Commission in particular have issued guidelines on ethical standards and internal control mechanisms. The MOEA also maintains a corporate social responsibility online newsletter, through which the Ministry publicizes best practices and raises awareness of the latest CSR-related developments in Taiwan and internationally.

At the corporate level, foreign and local enterprises generally make an effort to follow accepted CSR principles such as the OECD Guidelines for Multinational Enterprises. Publishing regular CSR reports is increasingly becoming the norm among businesses, especially the high-tech electronics companies. *Global Views Magazine*, one of Taiwan's most influential magazines, has been conducting an annual CSR survey since 2005, and has established an annual CSR award to shine the spotlight on companies that follow accepted international CSR standards and adopt transparent, environmentally conscious, and socially responsible practices. IBM Taiwan, Citibank, Bayer Taiwan, and Standard Chartered Bank (Taiwan) have been among the past years' winners.

Taiwan is a relatively young and vibrant multi-party democracy. President Ma Ying-jeou's election in 2008 marked the second peaceful, democratic transfer of power in Taiwan. There have been no reports of politically motivated damage to foreign investment. Both local and foreign companies have, however, been subject to generally peaceful protests and demonstrations relating to labor disputes and environmental issues.

Corruption

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 up to ten years. 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.

We are 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 July 2009, and estimates that roughly 2,000 procurement cases per year are covered by the Agreement, with a value of approximately US\$6 billion per year. The Public Construction Commission (PCC) publishes all major state procurement projects that require open bidding, in accordance with WTO transparency requirements. In November 2008, the PCC submitted to the legislature a bill which would make key changes to the government procurement process. If passed, the amendment would abolish the current minimum three-bidder requirement for procurement projects, replace the 'minimum bid price' with a 'qualified bid price' to ensure the quality of procurement, and authorize contractors to seek arbitration if the government procurement mediation procedure is not completed within six months due to the fault of the procuring agency. The amendment is still pending in the Legislative Yuan.

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 June 2008 to June 2009, prosecutors indicted 1,973 persons on various corruption charges, including 125 senior officials (department director level and above) and 60 elected officials. Only one elected official, a sitting legislator from the opposition Democratic Progressive Party (DPP), was indicted in 2009 on charges of accepting bribes. In September 2008, former president Chen Shui-bian and his wife were convicted on corruption and money laundering charges and sentenced to life in prison. Chen, who remains in detention, has appealed his conviction.

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

a crime and makes such a bribe subject to criminal prosecution. The maximum penalty for a public official receiving a bribe is life imprisonment or a maximum fine of NT\$100 million (US\$3 million). For those attempting to bribe officials, the maximum penalty is seven years in prison and a fine of NT\$3 million (US\$92,000). 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.

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/docs/dojdocb.html>.

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

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>).

Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. Taiwan is not a party to the OECD Convention.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Taiwan is not a party to the UN Convention.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>). Taiwan is not a party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see <http://www.coe.int/greco>) Taiwan is not a party to the Council of Europe Conventions.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and 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>. Taiwan does not have a FTA with the United States.

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

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

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

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

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

Anti-Corruption Resources

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

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. 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 212 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/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- 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/en/initiatives/gcp/GlobalEnablingTradeReport/index.html>.
- 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/hrrprt>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 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://www.report.globalintegrity.org>.

Bilateral Investment Agreements

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Taiwan has concluded bilateral investment agreements with the following 26 countries: Argentina, Belize, Burkina Faso, Costa Rica, Dominica, El Salvador, Guatemala, Honduras, India, Indonesia, Liberia, Malaysia, Macedonia, Malawi, the Marshall Islands, Nicaragua, Nigeria, Panama, Paraguay, the Philippines, Saudi Arabia, Senegal, Singapore, Swaziland, Thailand, and Vietnam.

The terms of the 1948 Friendship, Commerce, and Navigation Treaty between the Republic of China and the United States are still in force, and 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, signed in 1952, pertaining to investment guarantees that serve as the basis for the U.S. Overseas Private Investment Corporation (OPIC) program in Taiwan. In September 1994, representatives of the United States and Taiwan signed a bilateral Trade and Investment Framework Agreement (TIFA) to serve as the basis for consultations on trade and investment issues. Such consultations are ongoing.

OPIC and Other Investment Insurance Programs

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

Labor

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The global financial crisis dampened Taiwan's export-oriented economy in 2008 and 2009, and pushed up the unemployment rate to 5.86% in November 2009, down slightly from the historic high of 6.13% recorded in August 2009. In the industrial sector, the number of blue-collar foreign workers declined from a peak of 206,500 in October 2008 to 173,600 in October 2009.

There are no special hiring practices in Taiwan. Employees are typically paid at least a one-month bonus at the end of the year. Benefits often include meals, transportation, and dormitory housing or related allowances. Dividend-sharing is common in high-tech industries. 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 July 2005 abolishes the voluntary retirement scheme under an old system which still covers roughly 30% of the total labor force. The old system grants employees voluntary retirement at age 55 with 15 years of service. Employees hired after July 2005 must join the new system, which sets retirement at age 65. The new system 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 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).

Minimum wages were last raised in July 2007. The minimum monthly wage is NT\$17,280 (US\$532) and the minimum hourly wage is NT\$95 (US\$2.90). Monthly manufacturing sector wages in the first ten months of 2009 averaged NT\$39,215 (US\$1,211) including overtime, allowances and bonuses. This was 14% lower than monthly wages for the same period in 2008, and was caused by numerous businesses implementing leave without pay for employees during the economic slowdown, which allowed companies to reduce costs without firing staff.

Labor unions have become more active and independent since Taiwan's martial law was lifted in 1987. Privatization, mergers and acquisitions (M&A), the new retirement system, and the recent economic slowdown contributed to an increase in labor disputes over the past four years. Taiwan is not a member of the International Labor Organization (ILO) but adheres to the ILO conventions in the protection of workers' rights.

Foreign-Trade Zones/Free Ports

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

Foreign Direct Investment Statistics

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

As of the end of 2008, Taiwan's total stock of foreign direct investment stood at US\$102 billion, valued at historical cost. This represents about 25.4% of Taiwan's 2008 GDP. Total FDI inflows for 2008, based on approvals, stood at US\$8.2 billion, or about 2% of 2008 GDP.

As of December 2009, Taiwan's foreign exchange reserves amounted to US\$348 billion, the fourth-largest in the world.

After experiencing a growth of 0.7% in 2008, Taiwan's GDP continued to shrink in the first three quarters of 2009. Although the trend was likely to have reversed in the fourth quarter, the overall 2009 GDP growth is expected to be negative 2.53%. Inbound foreign direct investment approved from January to November of 2009 dropped 45.7% year-on-year.

In recent years, foreign direct investment has shifted from capital-intensive high-tech industries to investments in the financial service sector. Approved direct investment in electronics industries (including electronic parts and components, computers, communications, semiconductor, TFT-LCD and other optical electronic products), which peaked at 47% as a percentage of total FDI in 2006, declined steadily to 22% in 2007, 11% in 2008, and 7% as of November 2009. Meanwhile, the percentage share for investment in financial services increased to 34% in 2006, 33% in 2007, 54% in 2008, and 52% in November 2009. Nearly 80% of the approved inbound direct investment in Taiwan's electronics industries came from the United States, Europe and Japan. Over 70% of the approved inbound direct investment in the banking and insurance sector were from the United States, Europe, and British territories in North America.

According to official Taiwan statistics, approvals for U.S. investment from 1952 to 2008 totaled US\$19.9 billion (US\$16.6 billion according to official U.S. figures), or 20% of total foreign investment. These aggregate figures of investment stock are valued at historical cost. Of total U.S. investments, 30% was directed toward the electronics and electrical industries, and 50% toward the service sector. Approvals for Japanese investment from 1952 to 2008 amounted to US\$15.5 billion, or 16% of total foreign investment, of which 33% was in electronics and electrical industries and another 33% in the service sector. In 2006 and 2007, new investment from Europe exceeded that of the United States and Japan due to a major holdings transfer by the Philips Company and a major acquisition by Standard Chartered Bank.

As the tables below indicate, significant FDI now comes from the tax havens of British Territories in America (BTA), which harbor a growing number of multinational corporations, including those with Taiwan roots. One quarter of the investment from the BTA was directed towards financial services and another quarter to the electronic and electrical industries.

As a relatively open and liberal economy, Taiwan receives foreign investment while its businesses invest 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 2008, cumulative approvals for outbound investments totaled US\$135.4 billion. The main recipient has been the PRC, which has received over half of Taiwan's outbound investment. Approved investments to China increased by 7% in 2008, during which 56% of Taiwan's new overseas investment went to the PRC. It is estimated that Taiwan firms hold investments in excess of US\$100 billion on the Mainland, much of which is not reported to Taiwan authorities.

Taiwan business firms have been relocating their production bases to 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 China use the lower labor and land costs to process Taiwan-made production inputs into finished goods for exports to such industrial markets as the United States, Japan and Europe, and also for final sale in China. Recently however, rising labor and land costs on the Mainland have prompted some Taiwan firms to move from China to nations 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 \$10.7 billion in 2008. As a result of this trend, Taiwan factories in China produced nearly 50% of export orders received by Taiwan companies' headquarters by November 2009, up from 11.5% in early 2000. The ratio is closer to 85% for information technology (IT) firms. China, including Hong Kong, replaced the United States as Taiwan's largest export market in 2001, and its share of Taiwan's exports in 2009 averaged 41%, compared to 12% for the United States and 11% for the European Union.

Table 1: Foreign Investment Approvals by Year and by Area (1952-2008)
(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
52-08	21,033	15,813	16,584	26,212	4,808	17,835	102,285

Source: Investment Commission
* British Territories in America

Table 2: Foreign Investment Approvals by Industry and Area (1952-2008)
(Unit: US\$ million)

Industry	U.S.A.	Japan	BTA	Europe	Hong Kong	Others	Total
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Industry	U.S.A.	Japan	BTA	Europe	Hong Kong	Others	Total
Total	21,033	15,813	16,584	26,212	4,808	17,835	102,285
Banking & Insurance	7,985	1,187	4,245	7,448	964	4,400	26,229
Electronic Parts & Components	2,354	2,180	2,173	7,262	104	1,370	15,443
Wholesale & Retail Trade	1,526	1,627	1,892	1,781	607	1,679	9,112
Computers, Electronic & Optical Products	1,002	1,247	1,809	531	282	1,307	6,178
Electrical Equipment	2,172	1,717	442	470	382	404	5,587
Information & Communications	1,012	167	1,516	582	282	1,765	5,324
Professional and S&T Services	591	1,278	573	435	293	1,625	4,795
Chemicals	1,374	981	562	1,153	281	414	4,765
Non-metallic Mineral Products	271	336	47	2,732	81	273	3,740
Fabricated Metal Products	369	858	400	306	157	1,028	3,118
Machinery & Equipment	412	831	252	331	114	259	2,199
Lodging & Food Services	268	643	151	296	283	189	1,830
Food Manufacturing	225	273	111	264	120	448	1,441
Construction	163	361	302	203	141	257	1,427
Transportation & Storage	83	93	153	108	179	772	1,388
Others	1,497	2,034	1,956	2,310	538	1,645	9,707

Source: Investment Commission

Table 3: Outbound Investment Approvals by Year and by Area (1952-2008)
(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
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

Year	China	BTA	U.S.A.	ASEAN*	Others	Total
2004	6,941	1,155	557	966	704	10,323
2005	6,007	1,262	315	264	606	8,454
2006	7,642	1,822	485	1,065	943	11,957
2007	9,962	1,578	1,346	2,094	1,461	16,441
2008	10,691	1,686	400	1,380	1,001	15,158
1952-08	75,551	21,959	10,669	12,601	14,547	135,319

Source: Investment Commission

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

Table 4: Outbound Investment Approvals by Industry and by Area (1952-2008)
(Unit: US\$ million)

Industry	China	BTA	U.S.A.	ASEAN	Others	Total
Total	75,551	21,960	10,669	12,602	14,537	135,319
Banking & Insurance	816	17,262	1,983	2,597	5,416	28,074
Electronic Parts & Components	12,413	517	1,386	3,147	1,610	19,073
Computers, Electronic & Optical Products	11,870	186	1,144	572	944	14,716
Electrical Equipment	7,092	152	130	268	179	7,821
Wholesale & Retail Trade	2,587	1,526	1,096	532	1,413	7,154
Fabricated Metal Products	4,640	81	221	234	220	5,396
Plastics	3,850	602	413	95	445	5,405
Chemicals	4,264	113	687	388	303	5,755
Textiles	1,882	74	478	1,525	220	4,179
Non-metallic Minerals	3,166	100	203	216	253	3,938
Machinery & Equipment	3,192	41	154	76	140	3,603
Transp. Equipment & Parts	2,312	55	176	209	389	3,141
Information & Communications	1,017	196	942	108	573	2,836
Foods	1,949	3	51	335	115	2,453
Transportation & Storage	538	165	105	354	1,107	2,269
Basic metals	2,104	151	5	334	110	2,704
Others	11,859	736	1,495	1,612	1,100	16,802

Source: Investment Commission

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
AIG/ Yageo Corp. Far East Air Transport Corp. Nan Shan Life Insurance Co.	Electronic components Airlines Insurance
Pruco Insurance Group/Masterlink Securities Co.	Securities
Corning Inc./Corning Glass Taiwan Co., Ltd.	Substrate glass for TFT/LCD
GTE-Verizon/ Taiwan Fixed Network Telecom Taiwan Cellular Corp.	Fixed-line and mobile phone service
Carlyle Group/ Eastern Technology Ta Chong Commercial Bank	Cable TV Banking
Ensate 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
AETNA Life Insurance Co. Taiwan Branch	Insurance
View Sonic Co./Taiwan PCS Network Inc.	Mobile phone 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
General Motors Co./Yulon GM Motor Co.	Auto assembly & sales
GE Consumer Finance/Cosmos Bank	Banking
Jabil Circuit Inc./Taiwan Green Point Enterprise Co.	Telecom components
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
AIU Insurance Co./Central Insurance Co.	Insurance

Table 6: Major Japanese Investments in Taiwan

Japanese Investors/Investment	Major Products
Toppan Printing Co./Toppan Electronics (Taiwan) Co. Toppan CFI (Taiwan) Co.	Electronics Color filter sales and production
Nippon Sheet Glass Co./Taiwan Auto Glass Industry Co. Nippon Sheet Glass (Taiwan) Ltd.	Auto glass and substrate glass
Asahi Glass Co. (AGC)/Asahi Glass (Taiwan) Co.	Substrate glass
NTT DoCoMo/Far Eastone Telecom. Co.	Phone service
Taiwan Shinkansen Corp./Taiwan High Speed Rail Corp.	High speed rail
Nissan Motor/Yulon Motor	Autos
Toyota Motor/Kuozui Motor	Autos
Panasonic Corporation/Panasonic Taiwan Co., Ltd.	Electrical appliances
Hitachi Co./Taiwan Hitachi Co., Ltd. Kaohsiung Hitachi Electronics Co., Ltd.	Electrical appliances and components
Yamaha Motor Co., Ltd./Yamaha Motor Taiwan Co., Ltd.	Motorcycles
Sankyo Co./Sankyo Co. Taipei	Pharmaceuticals
Idemitsu Co./Shinkong Idemitsu Corp.	Petrochemicals
Mitsui Co./Mitsui (Taiwan)	Trading
Takashimaya Co./Ta-ya Takashimaya Department Store	Department Store

Japanese Investors/Investment	Major Products
Sumitomo Co./Sumitomo (Taiwan)	Trading
Toshiba Co./Toshiba Compressor (Taiwan)	Compressors
Sadagawa Steel Co./Sheng Yu Steel Co.	Steel
Shin-Etsu Handotai Co./Shin-Etsu Handotai Taiwan Co.	Semiconductor
Sumco Techxiv Co./Formosa Sumco Technology Co.	Silicon wafer
Mitsui Mining & Smelting Co./Taiwan Copper Foil Co.	Copper foil
Kirin Brewery Co./Taiwan Kirin Co.	Beer sales
Nomura Securities/Taishin Financial Holdings	Banking
Shinsei Bank/Jih Sun Financial Holdings	Banking
Nippon Life Insurance Co./Shin Kong Financial Holdings Co.	Banking

Table 7: Major European Investments in Taiwan

European Investors/Investment	Major Products
Deutsche Telecom/Eastern Broadband Telecom	Fixed-line service
Volkswagen Ag/Ching Chung Motor Co.	Autos
Dresdner Bank Ag/Grand Cathay Securities	Securities
Imperial Chemical Inc./ICI Taiwan Ltd.	Chemicals
N.V. Philips/Philips Electronics (Taiwan)	Electronics
Alcatel Co./Alcatel Taisel Co.	Switch boards
Horwood Investment/Chi Mei Industry Co.	Petrochemicals
H.S. Development & Finance/ChinaTrust Commercial Bank	Banking
Qimonda Inc./Inotera Co.	DRAM
Isenbourg-sgp, Lda/RT-Mart International Ltd.	Shopping malls
Standard Chartered Bank/Standard Chartered Bank, Taiwan	Banking
SKF Co./ABBA Liner Tech Co.	Ball screw, liner guideway
Longreach Edith Investment Co./En Tie Commercial Bank	Banking
CVC Capital/NienMade Enterprise Co.	Custom-made shutter/blinds
CMA CGM/CNC Line	Shipping service

Web Resources

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

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

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

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

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

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

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Chapter 7: Trade and Project Financing

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How Do I Get Paid? (Methods of Payment)

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Bank-to-bank Letters of Credit (L/C) constitute Taiwan's most important import-payment vehicle. Company-to-company payments are also made via two other methods: open account (O/A) and documentary collections, such as documents against payment (D/P) and documents against acceptance (D/A). The AIT Commercial Section recommends that U.S. exporters minimize financial risk by requiring their Taiwan trading partners to finance their imports through L/Cs. A large majority of Taiwan's importers utilize L/Cs with validity of up to 180 days. On the whole, U.S. companies find Taiwan's trade finance system to be efficient and report no widespread pattern of deferred payment.

Banks authorized to handle foreign exchange may issue L/Cs. This includes all local banks (and their branch offices), seven U.S. banks and their branches, and 25 third-country banks. All banks in Taiwan that are authorized to handle foreign exchange have correspondent relations with one or more U.S. banks. This relationship includes test-key exchanges.

How Does the Banking System Operate?

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As of 2009, Taiwan has a Central Bank, 37 domestic banks (with 3,285 branch offices), and 32 foreign banks (with 133 branch offices). In addition, there are 26 credit cooperatives, 274 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

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

U.S. Banks and Local Correspondent Banks

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U.S. Commercial Banks Operating in Taiwan

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

Wachovia Bank, N.A.
VP & General Manager: Michael Lin
17F, No. 44 ZhongShan N. Rd., Sec. 2,
Taipei, Taiwan
Tel: 886-2-8175-8688
Fax: 886-2-2567-8516
<http://www.wachovia.com>

JPMorgan Chase Bank, N.A.
Senior Country Officer: Carl K. Chien
8F, No. 108 XinYi Rd., Sec. 5, Taipei,
Taiwan
Tel: 886-2-2725-9800
Fax: 886-2-2725-2988
<http://www.jpmorganchase.com>

Wells Fargo Bank Minnesota, N.A.
General Manager: Vivian Fang
38F, Taipei 101, No. 7 Xin Yi Rd., Sec.
5, Taipei, Taiwan
Tel: 886-2-8101-6118
Fax: 886-2-8101-6116
<http://www.wellsfargo.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>

Bank of America, N.A.
CEO: Eric Liu
43 and 48F, Taipei 101, No. 7 Xin Yi
Rd., Sec. 5, Taipei, Taiwan
Tel: 886-2-8101-1288
Fax: 886-2-8101-1130
<http://www.bankofamerica.com>

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

Major Local Correspondent Banks

Bank of Taiwan
Chang Hwa Commercial Bank
The First Commercial Bank
Hua Nan Commercial Bank, Ltd.
Mega Int'l Commercial Bank Co., Ltd.
Taipei Fubon Commercial Bank

Project Financing

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

Web Resources

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

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

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

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

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

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccs>

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

Central Bank (Taiwan): <http://www.cbc.gov.tw/mp1.html>

Financial Supervisory Commission, Executive Yuan: <http://www.fscey.gov.tw>

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Chapter 8: Business Travel

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Business Customs

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

DRESS AND BUSINESS ETIQUETTE --- Taiwan weather is humid throughout the year. Light clothing is recommended during May-October while a light jacket and sweater may be needed in the winter season. Outside of the office, dress can be 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 10-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 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 2009, there were a total of 1,448 authorized

foreign exchange bank branches around the island. Foreign exchange receipts must be presented while exchanging unused NT dollars before departure.

Internationally recognized credit cards are accepted in many hotels, restaurants, and shops. There are about 25,400 automatic-teller machines around the island that can be found at banks, convenience stores, department stores, and other conveniently locations. Many of them participate in international ATM networks.

Travel Advisory

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Taiwan has a low level of violent crime, and most streets in Taipei and other cities are generally safe at any hour. While violent crime is rare, visitors should be on alert for pickpockets and guard their belongings. Taxi drivers, restaurateurs, store clerks, and other service people are normally quite honest and often solicitous of the needs of 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. 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) 2555-4275, 2556-6007 (24 hours)

English Directory Assistance: 106

Visa Requirements

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

- **VISA FREE** --- U.S. citizens and citizens of 38 other nations may visit Taiwan for up to 30 days without a pre-arranged visa, provided they have a passport valid for at least six months upon entry, a confirmed onward/return plane ticket with reservations off the island, and a visa for the next destination. 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 visa. No extensions of stay are permitted under this program.
- **LANDING VISA** --- Holders of 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 visa cannot be converted to other types of visa. Holders of 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 US\$131 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.

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

U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Travelers using a Taiwan passport need a visa to enter the United States. Visa applicants should go to the following links for more information. The visa application form can be filled out online, but applicants normally need to pay a fee and appear in person at the American Institute in Taiwan (AIT) for an adjudication interview.

- State Department Visa Website: <http://travel.state.gov/visa>
- United States Visas: <http://www.unitedstatesvisas.gov/index.html>
- The Consular Section of the American Institute in Taiwan: <http://www.ait.org.tw>

Telecommunications

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Taiwan's telecommunications system is both efficient and convenient. International calls can be made from private cell phones, public International Direct Dialing (IDD) phones, or hotel IDD phones. Cellular phones are very popular, with many operators offering preferential rates or packages. The Global System for Mobile Communications (GSM) is the standard for cellular phone service. Facsimiles are 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. Many networking companies also provide broadband Internet services to meet growing domestic demand.

Transportation

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AIR TRAVEL --- Taiwan has two international airports: Taoyuan Airport in the north (about 40km from Taipei City) and 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. There are also several domestic airports and domestic airlines that provide fast and convenient connecting flights between Taiwan's larger cities as well as outlying islands.

AIRPORT PICKUP --- It generally takes about one hour to travel from the Taoyuan airport to Taipei City. Airport buses to Taipei depart from the airport every 20 minutes and tickets cost about NT\$145 (approximately US\$4.50) per person. Four bus companies currently provide the service to and from Taipei. Buses from the airport to Hsinchu, Taichung, Changhua, Tainan, and Kaohsiung are also available.

Taxis are available at the airport. A 50 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\$1,000-1,500 (US\$32-\$48), depending on the destination. Many large hotels offer car or shuttle services from the airport to Taipei. It is, however, necessary to arrange such services when making hotel reservations.

The 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\$9). Metered taxis charge a NT\$50 surcharge. Several bus services are available at low cost as well.

TAXIS --- Taxis are widely available in Taipei and other major cities. For most cities, a meter is used to calculate the fare. The basic charge is NT\$70 (US\$2) 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 two minutes for waiting, and a 20 percent 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.

Taxis have a surcharge of NT\$10 for luggage service. There is a surcharge of 20 percent in effect for 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 Chinese.

RAIL --- Taipei has seven Mass Rapid Transit (MRT) lines in operation with a combined track length of 74.4 kilometers. The MRT lines form a transportation network connecting downtown Taipei with the suburban areas of Muzha, Danshui, Xindian, Tucheng, and Nangang. 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 355.5 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\$1,265 (US\$40). 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\$280) per eight-hour day. Self-drive rental cars are also available at rates that start at around NT\$2,000 (US\$63) a day. An international driver's license is required, as well as a credit card for a deposit.

Language

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

Health

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

There are several international-standard private and public hospitals and clinics. Taiwan also offers high-quality dental care, with most clinics being privately operated. The majority of doctors and dentists in Taiwan speak English well. Qualified foreign nationals with Alien Resident Certificates (ARCs) and their family members can apply for coverage under the National Health Insurance Program (NHIP).

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

Local Time, Business Hours, and Holidays

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LOCAL TIME --- Taiwan is eight hours ahead of the 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 10:00 am to 10:00 pm. Restaurants generally run from 11:00 am to 10:00 pm.

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

Holidays	Dates in 2009
New Year's Day	January 1
Chinese Lunar New Year	February 13-21
Peace Memorial Day	February 28
Tomb-Sweeping Day	April 5
Labor Day	May 1
Dragon Boat Festival	June 16
Mid-Autumn (Moon) Festival	September 22
Double Tenth/National Day	October 10

Temporary Entry of Materials and Personal Belongings

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

- Each person, 20 or over in age, may bring in alcoholic beverages (1,000 cc or less without limitation on how many bottles), plus 200 cigarettes, or 25 cigars or one pound of tobacco.
- Articles that are already owned and used by the passenger abroad, as long as their customs value does not exceed NT\$10,000 (about US\$312.5) for each piece.
- Other articles for personal use (not including the articles mentioned above) if their total customs value does not exceed NT\$20,000 (about US\$625) for each passenger.

Samples carried by inbound passengers may be granted duty exemption if the total customs value does not exceed NT\$12,000 (about US\$375). Duty and in some cases the commodity tax and/or value added tax will be imposed on articles imported in excess of the exemption limit.

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

Web Resources

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

For the latest information about Taiwan travel advisories, visit the State Department Consular Information Sheet for Taiwan at: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1036.html

Business travelers to Taiwan seeking appointments with the American Institute in Taiwan should contact the Commercial Section in advance. The Commercial Section

can be reached by telephone at 886-2-2720-1550, fax at 886-2-2757-7162, or by e-mail at Taipei.Office.Box@mail.doc.gov.

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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American Institute in Taiwan (AIT)

Commercial Section
Chief: Gregory Wong
Suite 3207, 333 Keelung Rd., Sec. 1,
Taipei, Taiwan
Tel: 886-2-2720-1550 ext. 382
Fax: 886-2-2757-7162
Website: <http://www.buyusa.gov/taiwan>

Agriculture Trade Office
Director: Keith Schneller
Suite 704, 7F, 136 Jen Ai Rd., Sec. 3,
Taipei, Taiwan
Tel: 886-2-2705-6536 ext. 287
Fax: 886-2-2706-4885
Website: <http://ait.org.tw>

Agriculture Section
Chief: Mark Dries
7, Lane 134, Hsin Yi Rd., Sec. 3, Taipei,
Taiwan
Tel: 886-2-2162-2000 ext. 2317
Fax: 886-2-2162-2238
Website: <http://ait.org.tw>

Economic Section
Chief: Hanscom M. Smith
7, Lane 134, Hsin Yi Rd., Sec. 3, Taipei,
Taiwan
Tel: 886-2-2162-2000 ext. 2374
Fax: 886-2-2162-2240
Website: <http://ait.org.tw>

Washington, D.C.-Based Country Contacts

AIT/Washington
Trade and Commercial Programs

Director: Rick Ruzicka
Suite 1700, 1700 N. Moore Street
Arlington, VA 22209
Tel: 703-525-8474
Fax: 703-841-1385
Website: http://ait.org.tw/en/about_Ait/ait_w.asp

U.S. Department of Commerce
US & Foreign Commercial Service,
East/Asia Pacific
Regional Director: Patrick Santillo
Room 3122, 14th and Constitution Ave.
NW, Washington, D.C. 20230
Tel: 202-482-0423
Fax: 202-501-6165
Website: <http://www.doc.gov>

U.S. Department of Commerce
Trade Information Center
1401 Constitution Ave.
NW, Washington, D.C. 20230
Tel: 1-800-USA-TRADE
Fax: 202-482-4473
Website: <http://www.ita.doc.gov>

U.S. Department of Agriculture
Foreign Agricultural Service (FAS)
Trade Assistance and Promotion Office
South Building, 1400 Independence
Ave. SW, Washington, D.C. 20250
Tel: 202-720-7420
Website: <http://www.fas.usda.gov>

Bilateral Business Councils

US-Taiwan Business Council
President: Rupert J. Hammond-
Chambers

Suite 1703, 1700 North Moore Street
Arlington, Virginia 22209
Tel: 703-465-2930
Fax: 703-465-2937
Website: <http://www.us-taiwan.org>

American Chamber of Commerce in
Taipei
President: Andrea Wu
Suite 706, No. 129, Minsheng E. Road,
Sec 3, Taipei 10596, Taiwan
Tel: 886-2-2718-8226
Fax: 886-2-2718-8182
Website: <http://www.amcham.com.tw>

Taiwan External Trade Development
Council (TAITRA)
President and CEO: Yuen-Chuan Chao
5-7F, 333 Keelung Rd., Sec. 1, Taipei,
Taiwan
Tel: 886-2-2725-5200
Fax: 886-2-1-2757-6245
Website: <http://www.taitra.org.tw>

Trade or Industry Associations

Importers and Exporters Association of
Taipei
Chairman: Kuo Chao Liu
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: Theodore M.H. Huang
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>

Chinese National Federation of
Industries
Chairman: Preston W. Chen
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 Government Agencies

Ministry of Economic Affairs (MOEA)
Minister: Yen-shiang Shih
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: Lee, Sush-Der
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: Chih-Peng Huang
No. 1 HuKou St., Taipei, Taiwan
Tel: 886-2-2321-9947
Fax: 886-2-2351-3603
Website: <http://www.trade.gov.tw>

Financial Supervisory Commission
(FSC)
Chairman: Sean C. Chen
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.fscey.gov.tw>

Ministry of Transportation and
Communications (MOTC)
Minister: Mao, Chi-Kuo
No. 2 ChangSha St., 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, Wu-Hsiung
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: Chih-Liang Yaung
No. 100 AiGuo E. Rd., Taipei, Taiwan
Tel: 886-2-2321-0151
Fax: 886-2-2321-2907
Website: <http://www.doh.gov.tw>

Environmental Protection Administration
(EPA)
Minister: Shen, Shih-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 100,
Taiwan
Tel: 886-2-2343-1700
Fax: 886-2-2356-0998

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

Other U.S. Government Contacts

U.S. Department of State
Bureau of Economic and Business
Affairs
Office of Commercial and Business
Affairs
2201 C Street NW
Washington, D.C. 20520
Tel: 202-647-4000
Fax: 202-647-3953
Website: <http://www.state.gov>

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

Market Research

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To view market research reports produced by the U.S. Commercial Service please visit 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, but free of charge.

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

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

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

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

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

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

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