



Doing Business in Taiwan: 2011 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Taiwan

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Market Overview

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- With a population of 23 million, Taiwan is a thriving democracy, vibrant market economy, and a highly attractive export market, especially for U.S. firms. Taiwan is our ninth largest trading partner, putting it ahead of Brazil, India, and Italy. It is also our sixth largest agricultural market, and our fifth largest source of foreign students in U.S. higher education. Taiwan is the fourth largest holder in the world of foreign exchange reserves, with over US\$ 382 billion in 2010. The Taiwan economy has rebounded sharply from the global financial crisis and enjoyed 10.47% GDP growth last year, low unemployment, and an appreciating currency that makes U.S. goods and services more attractive than ever to Taiwan buyers.
- Taiwan's real GDP increased by 10.47% in 2010, mainly driven by strong export growth and private investment expansion. In 2011, local exports to the emerging markets, especially East Asia, will continue to pick up while the growth of exports to the advanced economies is expected to slow down. The innovation of high-tech products should boost export shipments of locally-made ICT items. In addition, the tariff reductions and exemptions on the early harvest program of the Economic Cooperation Framework Agreement (ECFA), effective on January 1, 2011, will also help Taiwan's exports to China. However, Taiwan's export growth may be significantly impacted by the New Taiwan dollar appreciation against the U.S. dollar. Local private consumption is expected to continuously expand as a result of the recent economic recovery and low unemployment. Improving ties with China is expected to ease the current cross-strait and investment restrictions and encourage more foreign investments in Taiwan. With these changing factors, local officials forecast the economic growth for 2011 will be moderate and at an annual rate of about 5.03%.
- Total exports increased by 34.8% to \$274.64 billion in 2010 and imports rose 44.2% to \$251.4 billion. China (including Hong Kong) is Taiwan's largest trading partner, accounting for 29.0% of total trade and 14.95% of Taiwan's imports in 2010. Japan follows, with 13.3% of total trade, including 20.66% of Taiwan's imports. The U.S. is now Taiwan's third-largest trading partner, importing 10.8% of Taiwan's exports and exporting 10.1% of Taiwan's imports.

Market Challenges

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- Taiwan is a sophisticated consumer market, plugged into consumer trends in Japan and Korea, awash in products from 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 for importing products into this market. Generally, a local agent will assist with this regulatory aspect.
- A special concern by American firms over the past few decades has been the protection of intellectual property rights (IPR). Right holders continue to express some concern regarding infringement of copyrighted material on the Internet; illegal textbook copying on and around university campus; inadequate protection for the packaging, configuration, and outward appearance of products (trade dress); and the availability of counterfeit pharmaceuticals in Taiwan.

Market Opportunities

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- 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, including high-value-added components and other inputs for high-tech manufacturing (e.g., petrochemical products and electronic production and test equipment), food and other agricultural products, and "American lifestyle" goods and services sought by Taiwan's affluent population, running the gamut from luxury consumer goods to healthcare products.
- Taiwan's imports are dominated by raw materials and capital goods, which account for more than 90% of the total. Taiwan imports a wide variety of electronic, optical and precision instruments, information and communications products, transportation equipment, machinery, and electrical products. With few natural resources, Taiwan also imports coal, oil and gas to meet most of its energy needs. Taiwan's high-tech sector relies heavily on technology licenses and imports of specialty components from the United States.

Market Entry Strategy

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- Most new-to-market exporters entering Taiwan begin by finding a local partner to serve as an agent, distributor, and/or representative. Agents are the most common partnerships used by foreign firms to gain their initial foothold here. The vast majority of Taiwan firms are small and medium sized enterprises (SMEs). They are quite active in trading and manufacturing, and offer a large pool of prospective trade partners that can capably represent U.S. companies in Taiwan.
- Taiwan's banking and international remittance systems are well developed, and there are no foreign exchange regulations that would significantly hamper a U.S. exporter from 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.

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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, manufacture in Taiwan, or provide after service. 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 consider setting up a branch office or subsidiary in Taiwan. Taiwan welcomes foreign investment, and although procedures are sometimes bureaucratic, establishing an office in Taiwan is relatively easy.

The 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 business matchmaking services, product launches, market research, agent distributor searches, advocacy, trade missions, trade shows, and due diligence) to assist U.S. companies entering the Taiwan market. CS Taiwan contact details are: Tel: 886-2-2720-1550, Fax: 886-2-2757-7162, Email taipei.office.box@trade.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 <https://emenu.ita.doc.gov/emenu.nsf/>. These offices can help U.S. exporters determine which services are most suited for their export needs as well as which international markets are suitable for their products and services.

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 company name is required. Consultations with reputable local attorneys and 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.htm>

Franchising

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Franchise operations in Taiwan have been very popular for fast food restaurants, casual restaurants, convenience stores, health and drug stores, spa services, organic products stores, language schools, hair salons, real estate brokerage services, apparel stores, shoe stores and sporting goods. In recent years, Taiwan's investors have become more conservative in adopting new foreign franchises. 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, systems integration, personnel and customer service training, and consistency in product quality.

A variety of franchise arrangements exist in Taiwan, ranging from shared joint venture partnerships to a model in which stores are managed and operated by a master franchisee or a regionally based conglomerate. Currently, there is no specific body of laws that regulate 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 Taiwan domestic franchising regardless of whether the transaction involves a foreign entity or is a purely domestic arrangement.

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

Direct Marketing

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Online shopping and TV shopping have become very popular retail sales channels in Taiwan in recent years. Online shopping is expanding robustly, growing by 21.5% from 2009 to \$12 billion in 2010, according to the Market Intelligence & Consulting Institute (MIC) under the semi-official Institute for Information Industry (III). B2C accounted for the largest proportion (57.3%) of the direct marketing sales value. Young people aged 20-39 are the main buyers using online shopping. TV shopping in Taiwan reached about US\$1.7 billion in revenue sales in 2010.

In addition, 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 5.6 million people, out of a total Taiwan population of about 23 million, working for multi-level sales businesses in Taiwan, which specialize primarily in healthcare, skin care products, and household items.

Joint Ventures/Licensing

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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 approvals are first obtained. Information regarding regulations for approval and consideration of foreign investment or technical cooperation is available at IC's website: <http://www.moeaic.gov.tw>

Selling to the Government

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

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

The following are statistics on Taiwan's government procurement cases in 2009, which were submitted in a report to WTO. In total,

- Taiwan's GPA-covered entities put out to bid 1,016 contracts with a total worth US\$5.3 billion.

- U.S. firms won 92 contracts worth US\$99 million. 46 of the contracts were with federal government entities, 45 with government-controlled entities, and one with state-level government level contract.
- U.S. firms' performance was comparable to EU firms who won 81 contracts worth US\$136.9 million, and exceeded Japanese firms who won 27 contracts worth US\$32.4 million.

Federal Government Entities

- The 46 contracts U.S. firms won at the Federal government level were worth US\$25.9 million.
- Federal government ministries that purchased from U.S. firms included the Office of the President (19 contracts); Ministry of Transport and Communications (7); National Science Council (6); Atomic Energy Council (5); and Department of Health (3).
- The types of goods and services that Central Government entities were purchasing from U.S. firms included: aircraft components; refrigeration and air conditioning equipment; electrical components; lab equipment; chemicals; research and development services.

Government-Controlled Entities

- The 45 contracts U.S. firms won at Government-controlled entities, such as utilities and universities/colleges, were worth US\$72.8 million.

State-Level Entities

- The 1 contract a U.S. firm won for the Taipei City Government was worth US\$0.3 million.
- Among the 45 total contracts won by U.S. firms, 24 included contracts with Taiwan's government-controlled hospitals (Nat'l Taiwan University Hospital; National Cheng Kung University Hospital; Veterans General Hospital-Taipei; Veterans General Hospital-Kaohsiung); eight contracts with the Taiwan Power Company; seven contracts with Chinese Petroleum Corporation, Taiwan; and six contracts with four separate universities covered under the GPA.

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

U.S. exporters are encouraged to visit the Commercial Service Taiwan's GPA website http://www.buyusa.gov/taiwan/en/taiwan_gpa.html to find guidance and information on participating in Taiwan's GPA opportunities.

Distribution and Sales Channels

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The most common distribution route in Taiwan moves products from suppliers to distributors, from distributors to retailers, and then from retailers to consumers. Some suppliers shorten distribution channels by distributing products directly through retailers. Multi-level marketing is accepted in Taiwan, and some direct-selling organizations are well established here. Foreign firms, especially small- and medium-sized companies,

generally rely on agents to sell their merchandise to distributors. 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 that Taiwan firms do not necessarily factor in life-cycle costs when negotiating a purchase. Although attitudes are changing, most Taiwan firms will only pay a higher price for a product if they see a near-term payoff. The second and third most important considerations for Taiwan buyers are quality and after-sales service.

Labeling and instructions and/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 20% from \$11.2 billion in 2010 to \$13.5 billion in 2011.

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

Taiwan 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).

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: <http://news.chinatimes.com>
- Economic Daily News: <http://www.udngroup.com/UDNENGLISH/edn.htm>
- Business Weekly: <http://businessweekly.com.tw>
- Commonwealth: <http://www.cw.com.tw>
- Management Magazine: <http://www.managementmagazine.com.tw>
- Director of Taiwan: <http://www.taiwannews.com.tw>

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

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. CS Taiwan will be organizing U.S. Pavilions in a variety of industry shows in Taiwan and promoting several conferences in Taiwan recruiting U.S. companies' participation. If a U.S. company would rather exhibit in the U.S. but still meet Taiwan buyers, CS Taiwan regularly recruits and leads Taiwan buyer trade missions to major U.S. trade shows under the auspices of the U.S. Department of Commerce's International Buyer Program. For further details, please see the CS Taiwan website: <http://www.buyusa.gov/taiwan/en>

Pricing

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Branding is an important factor in developing a pricing strategy, especially in the consumer goods sector. Generally speaking, price margins at the distributor level for international brands are lower than for local or regional brands. Distributor price margins 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. Imports are subject to VAT calculated on the landed price, including duties and commodity taxes on certain products. Products including rubber tires, cement, non-alcoholic beverages, oil and gas, certain electrical appliances, flat glass, and motor vehicles are subject to commodity taxes that range from eight percent to 50 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 purchasing commercial and industrial products, consider many factors when making purchase decisions. These factors include technical support, after-sales service, product performance, durability, software availability, and overall commitment. U.S. firms should, however, be aware of the fact that price is often paramount.

Protecting Your Intellectual Property

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Taiwan has continued efforts to improve its IPR legal regime and enforcement. The Taiwan 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 Legislative Yuan passed the IP Court Organization Law that established 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/ipr-Toolkit.html>

Protecting Your Intellectual Property in Taiwan:

Several general principles are important for the effective management of intellectual property ("IP") rights in Taiwan. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Taiwan than in the U.S. Third, rights must be registered and enforced in Taiwan, under local laws. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Taiwan.

Your U.S. trademark and patent registrations will not protect you in Taiwan. Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Taiwan market.

Additionally, there is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright

treaties and conventions.

It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Taiwan law. The U.S. Commercial Service in Taiwan has an online listing of local lawyers at: <http://www.buyusa.gov/taiwan/en/businessserviceproviders.htm>

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

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales 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 U.S. trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Taiwan or U.S.-based. These include:

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

IP Resources

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

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline:

1-866-999-HALT or register at www.StopFakes.gov

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

Due Diligence

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Prior to entering into a relationship with an unknown Taiwan company, a U.S. firm would be wise to confirm the reputation of the company. However, Taiwan's privacy laws often make it difficult to collect background information on individuals.

Local attorneys and accountants can be excellent sources of information, as can trade/industry 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/findbuyers.html#_section2

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.htm>

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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>

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

National Tax Administration, MOF: <http://www.ntat.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

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1. Books (BOK)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$1,415,000	\$1,383,000	\$1,340,000	1,300,000
Total Local Production	1,417,000	1,376,000	1,320,000	1,290,000
Total Exports	151,000	148,000	140,000	134,000
Total Imports	152,000	143,000	136,000	130,000
Imports from the U.S.	40,000	38,000	36,000	35,000
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Statistical Department, MOEA

Total Imports: Statistical Department, MOEA

Imports from U.S.: Unofficial estimates

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

Taiwan's traditional paper-based book market has shrunk 5 percent and 8 percent over the past two years respectively, reaching \$1.38 billion in 2010. The increasing availability of e-content viewable on a variety of electronic devices such as iPhones, e-book readers, computers, and smart phones has been readily adopted by local readers.

Taiwan's overall book market can be divided into trade books, which accounted for \$800 million in sales, and educational and academic books which accounted for \$600 million.

In 2010, Taiwan imported \$143 million worth of publications, a decrease of 6 percent from the previous year. The U.S. remains as one of the largest suppliers of imported publications in Taiwan with a 30-40 percent market share or \$38 million in 2010, of which \$34 million was printed books and \$2 million was periodicals and journals.

For over a decade, the U.S. has been the leading supplier of licensed titles which comprise about 40 percent of the Taiwan market. Over fifty percent of the translated books in the Taiwan market are English-to-Chinese translations, followed by simplified-to-traditional-Chinese (25 percent), and Japanese-to-Chinese (17 percent). The U.S. leads all countries supplying near 1,300 titles per year to be translated accounting for about 40 percent of the translated book market. U.S. publishers should continue focusing on the foreign right sales for bestsellers, award winning titles, business, children's books, novels, self-help, and educational books.

The popularity of U.S. books remains strong in Taiwan, including high demand for translated and imported children's books and educational books for pre-k through 12th grade and higher education. Children's fiction, non-fiction, and learning books are

sought after by Taiwan's schools, parents and children Educational books for elementary schools, libraries and higher education continue to make successful sales in Taiwan.

Sub-Sector Best Prospects

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

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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 in the business of copyrights. With the continued development of trade across the Taiwan Straits, more and more Taiwan publishers, importers and literary agencies have expanded their operations and business into the Mainland China market, which is 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. 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 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 in both the lucrative Taiwan and Mainland China markets.

In the past two years, Taiwan's education authorities have implemented more English learning programs in elementary schools in order to improve students' English reading and writing skills. The implementation of English learning programs has generated increased purchases by local public schools for imported English k-12 school books and children's books. U.S. publishers have a great reputation of providing high quality children's and k-12 school books. The lack of locally-developed content in English will increase U.S. publishers' chances for success in the next one to two years.

Every year in February, CS Taiwan hosts a U.S. Pavilion at the Taiwan International Book Exhibition (TIBE), the largest book fair in Asia. During the book fair, CS Taiwan hosts a catalog exhibition within the U.S. Pavilion. CS Taiwan is also pleased to recruit a Taiwan Buyer Delegation to BookExpo America (BEA) that is held in May in New York.

Web Resources

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

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

Taipei Book Fair Foundation: www.taipeibookfair.org

U.S. firms wishing to learn more about the book market and expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact

CS Taiwan Commercial Specialist Menny Chen at Menny.Chen@trade.gov or visit <http://www.buyusa.gov/taiwan/en>

2. Computer Services & Software (CSV/CSF)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$5,155,000	\$4,868,000	\$5,354,800	\$5,890,280
Total Local Production	4,518,000	4,139,000	4,552,900	5,008,190
Total Exports	957,000	909,000	999,900	1,099,890
Total Imports	1,725,000	1,638,000	1,801,800	1,981,980
Imports from the U.S.	1,392,000	1,322,000	1,454,200	1,599,620
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Research Report of Information Industry Institute, MOEA

Total Imports: Report of Information Industry Institute, MOEA

Imports from U.S.: Unofficial estimates

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

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

Sub-Sector Best Prospects

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- Business application software
- Information security solutions
- Storage solutions (hardware embedded software)
- Information systems integration and consolidation solutions
- On-line learning/entertainment products and services
- Business intelligence-related applications
- Services delivered by using cloud computing platform or mobile devices

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

Attending trade shows is one of the most effective ways to create international sales opportunities. Computex Taipei is one of the largest computer trade events in Asia and is the second largest in the world. It is the exhibition with largest number of international buyers (35,000). More than 1,700 exhibitors are participating in the show from across the world to showcase their latest products/services. The show will be held from May 31 to June 4 in Taipei, Taiwan. Detailed information is available at the website: <http://www.computextaipei.com.tw/>

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

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

U.S. firms wishing to learn more about the Computer Services & Software market and expanding U.S. export opportunities to Taiwan at the trade show mentioned above are encouraged to contact CS Taiwan Commercial Specialists Allen Chien at Allen.Chien@trade.gov or visit the website <http://www.buyusa.gov/taiwan/en/>

3. Education Services (EDS)

Overview

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	2009	2010	2011 (estimated)	2012 (estimated)
Total Number of U.S. Student Visas Issued to Taiwan Students	10,628	10,740	11,000	11,200
Total Number of Taiwan Students Studying in the U.S.	26,685	27,000	27,100	27,300
Financial Contribution of Taiwan Students to the U.S. Economy (Unit: USD thousands)	\$732,000	\$740,000	\$743,000	\$748,000
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

Data Sources:

- 1) Taiwan Ministry of Education, Bureau of International Cultural and Educational Relations
- 2) IIE Opendoors 2010 Report
- 3) Exchange rates provided by Central Bank of China and The Institute of Economics, Academia Sinica

According to IIE Open Doors data, in 2009, Taiwan was the 5th leading origin of foreign students studying in the U.S., with 26,685 students enrolled in U.S. institutions. The U.S. remains the top destination for Taiwan students that want to study abroad with 54.8% of the students studying at the graduate level, 24.8% at the undergraduate level, 13.4% Optional Practical Training (OPT), and 7.1% in other non-degree programs. The Consular Section of the American Institute in Taiwan (AIT) issued a total of 10,628 new F1 student visas and 4,966 J1 exchange visas in 2009.

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 this increasingly competitive 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 faces strong competition 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 for student recruitment 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. Some main factors that Taiwan schools take into account are the partner schools' ranking and competitiveness in specific areas. The availability of special scholarships or low tuition is also crucial in their decision. Popular areas of study are business management, information management, engineering, computer science and finance.

Short-term for-credit summer programs at partner universities are also very popular with Taiwan students as the cost is normally lower. Exchange programs are popular too as it allow students at partner schools to interact with each other and much of the cost is covered by the host school, which takes the financial burden off of the students. Many Taiwan universities have established Mandarin centers to educate foreign students. U.S. schools should consider increasing cultural and language exchange with Taiwan schools.

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- ESL programs
- Work/study programs
- MBA or business-related degree programs
- TESOL or education degree programs
- Engineering degree programs
- Healthcare and life sciences degree programs

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Partnerships with local recruiting agents and local schools.

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

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

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

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

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

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

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

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

Every year in the Spring and Fall, CS Taiwan co-sponsors the OH! Study Fair, the largest international education fair in Taiwan. CS Taiwan also co-sponsors the Association of Boarding Schools Fair (TABS) to promote U.S. boarding schools. CS Taiwan is also pleased to recruit an International Buyer Delegation to the National Association of International Conference and Exhibition 2011 (NAFSA 2011) that will be held in Vancouver, Canada this May.

U.S. firms wishing to learn more about the education market and expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact CS Taiwan Commercial Specialist Grace Tao at Grace.Tao@trade.gov or visit the website www.buyusa.gov/taiwan/en

4. Electrical Power Equipment (ELP)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)

Total Market Size	\$2,910,066	\$1,032,566	\$1,135,823	\$1,249,405
Total Local Production	4,669,000	4,202,000	4,622,200	5,084,420
Total Exports	5,324,785	8,148,296	8,963,126	9,859,438
Total Imports	3,565,851	4,978,862	5,476,748	6,024,423
Imports from the U.S.	469,064	800,985	881,084	969,192
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Statistical Department, MOEA

Total Imports: Statistical Department, MOEA

Imports from U.S.: Statistical Department, MOEA

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

The Taiwan Power Company (TPC) continues to be the main source of demand for Taiwan's electrical power equipment market. TPC is upgrading its existing facilities and building new fossil-fuel thermal power plants, and it 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. TPC awarded design bids to upgrade its two major coal-fired power plants, Shenao and Linkou in 2009 and started to pre-qualify contractors in 2010. Clean coal technology and renewable energy will be the focus for Taiwan's newly installed power capacity.

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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)
- Smart Grid technology and products

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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

Attending trade shows is one of the most effective ways to create international sales opportunities. Following is a list of U.S. Department of Commerce-certified and Taiwan trade shows:

- ELECTRIC POWER 2100, May 10-12, 2011, Chicago, IL (Rosemont), [Http://www.electricpowerexpo.com](http://www.electricpowerexpo.com)
- WINPOWER 2100 Conference & Exhibition, May 22-25, 2011, Anaheim, CA, <http://winpowerexpo.org>
- RETECH 2011 (Renewable Energy Technology Conference & Exhibition), September 20-22, 2011, Washington, DC, <http://www.retech2011.com>
- POWER-GEN International, December 6-8, 2011, Las Vegas, <http://www.power-gen.com>
- Taiwan Green Industry Show (TiGIS) 2011, October 26-29, Taipei, Taiwan, <http://www.greentaiwan.tw/>

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

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 and expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact CS Taiwan Commercial Specialist Allen Chien at Allen.Chien@trade.gov or visit <http://www.buyusa.gov/taiwan/en/>

5. Electronic Components (ELC)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$13,008,455	\$13,658,940	\$14,420,000	\$15,060,000
Total Local Production	30,406,415	31,926,840	33,599,400	35,201,300
Total Exports	28,455,147	29,878,000	31,370,000	32,941,500

Total Imports	11,057,187	11,610,100	12,190,600	12,800,200
Imports from the U.S.	281,864	295,960	310,760	326,300
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

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

Data Sources:

Total Local Production: Statistical Department, Ministry of Economic Affairs

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

Total Imports: Directorate General of Customs, MOF

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

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

Taiwan's electronics firms, especially information technology product manufacturers, rely on imports of leading edge components (e.g. integrated circuits) to maintain the competitiveness of their assembly operations. 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 electronic components are for information and communications product applications. U.S.-made semiconductors, especially integrated circuits, are very competitive. U.S. firms face their stiffest competition from Japanese and Korean companies, which lead the passive component and display market sectors. Taiwan-produced components are mainly used in consumer electronic product applications.

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U.S. products with good sales potential in the Taiwan market are:

- 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 continuous 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 remain as major suppliers of advanced and specialized items due to their excellent performance and reliability.

Participating in major trade shows is one of the most effective ways to generate international sales opportunities. The International Consumer Electronics Show (CES) is the world's largest electronic technologies show, which is held in January every year in

Las Vegas, Nevada. International CES is one of the trade shows certified by the U.S. Department of Commerce. CS Taiwan is please to organize an International Buyer Program (IBP) delegation to the show. Taiwan's delegation members consist of a large number of buyers and importers of electronics products. Detailed information about the show is available at the website: <http://www.cesweb.org/>

In addition, the following electronic products related trade shows will be held in 2011 in Taipei, Taiwan:

- 2011 SOFTEX, April 4-11, <http://softex.tca.org.tw/>
- COMPUTEX Taipei Int'l Information Technology Show, May 31- June 4, <http://www.computextaipei.com.tw/>
- TICA Taipei Computer Applications Show, July 28-August 1, http://www.tica.tw/zh_TW/index.html
- SEMICON Taiwan 2011, September 8-10, <http://www.semicontaiwan.org/ZH/index.htm>
- Taiwan Int'l Photovoltaic Forum & Exhibition, October 5-7, <http://www.pvtaiwan.com/>

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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>

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

6. Electronics Industry Production/Test Equipment (EIP)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$2,073,500	\$2,852,940	\$3,138,200	\$3,373,600
Total Local Production	469,046	683,940	752,300	815,800
Total Exports	158,026	256,000	281,600	309,800
Total Imports	1,762,480	2,425,000	2,667,500	2,867,600
Imports from the U.S.	619,193	679,000	747,000	803,000
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

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

Data Sources:

Total Local Production: Unofficial estimates
Total Exports: Directorate General of Customs, Ministry of Finance (MOF)
Total Imports: Directorate General of Customs, MOF
Imports from U.S.: Directorate General of Customs, MOF
Exchange rates provided by Central Bank of China and The Institute of Economics, Academia Sinica

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 2011 is expected to exceed 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 electronics industry production/test (EIP) equipment is imported, and the demand stems mainly from semiconductor and FPD manufacturers. Each of these two industries account 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 2011. Given these trends, demand for imported EIP equipment, which accounts for over 85 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.

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

- 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 six new 12-inch (300-mm) wafer fabrication investment projects worth approximately \$13.3 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 reach \$6.0 billion for upgrading the capacity of flat panel display plants in 2011. 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.

Participating in major trade shows is one of the most effective ways to generate international sales opportunities. The International Consumer Electronics Show (CES) is the world's largest electronic technologies show, which is held in January every year in Las Vegas, Nevada. International CES is one of the trade shows certified by the U.S. Department of Commerce. CS Taiwan is pleased to organize an International Buyer Program (IBP) delegation to the show. Taiwan's delegation members consist of a large number of buyers and importers of electronics products. Detailed information about the show is available at the website: <http://www.cesweb.org/>

In addition, the following electronic products related trade shows will be held in 2011 in Taipei, Taiwan:

- 2011 SOFTEX, April 4-11, <http://softex.tca.org.tw/>
- COMPUTEX Taipei Int'l Information Technology Show, May 31- June 4, <http://www.computextaipei.com.tw/>
- TICA Taipei Computer Applications Show, July 28-August 1, http://www.tica.tw/zh_TW/index.html
- SEMICON Taiwan 2011, September 8-10, <http://www.semicontaiwan.org/ZH/index.htm>
- Taiwan Int'l Photovoltaic Forum & Exhibition, October 5-7, <http://www.pvtaiwan.com/>

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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>

U.S. firms wishing to learn more about the electronics industry production/test equipment market and expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to CS Taiwan Commercial Specialist Rita Chen at rita.chen@trade.gov or visit <http://www.buyusa.gov/taiwan/en/>

7. Hotel/Restaurant Equipment (HTL)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$1,258,936	\$1,800,361	\$1,860,466	\$1,876,795
Total Local Production	997,250	1,362,850	1,389,184	1,396,385
Total Exports	367,777	462,683	508,951	519,846
Total Imports	629,463	900,194	980,233	1,000,256
Imports from the U.S.	32,754	55,682	80,228	93,274
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

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

Data Sources:

Total Local Production: unofficial estimates

Total Exports: Directorate General of Customs

Total Imports: Directorate General of Customs

Imports from U.S.: Directorate General of Customs

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

Taiwan has seen a sharp increase in the number of foreign visitors after it lifted restrictions on Mainland Chinese tourists in 2008. In 2010, the number of international visitors to Taiwan is expected to reach 5.4 million, a whopping 23-percent growth from 2009. Among them, mainland Chinese tourists account for about 30 percent, making China the most important source of visitors to Taiwan. Moreover, Taiwan is currently discussing soon allowing individual travel from Mainland China in 2011. This will potentially benefit more hotels across the island, and many local and international hotel operators alike have developed new investment projects in anticipation of this enormous business opportunity. Currently, most mainland Chinese tour groups stay in mid-range hotels. Yet when individual travel is open to mainland Chinese tourists, five-star hotels will enjoy a higher business growth.

International visitors come to Taiwan for a variety of reasons, but gourmet food is one of the most important factors, according to statistics published by the Tourism Bureau in 2009. Indeed, Taiwan has superior “food competitiveness.” From luxurious meals using imported white truffles at Michelin restaurants in high-end department stores, to local oyster noodles at street stalls in night markets, Taiwan people love to eat and appreciate good food.

Since good food is widely available and affordable, more and more people dine at restaurants instead of cooking at home. Government statistics show that more than 70 percent of the population eat out on a daily basis, especially those under 35 years old. Moreover, households spend 30 percent of their food expenditure on dining, compared to only 10 percent 20 years ago. Foodservice is a US\$10 billion market and still growing. Besides restaurants, food courts, and night markets, convenience stores have become an important foodservice provider in recent years, offering fresh brewed coffee, snacks, and lunch boxes.

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- Industrial Refrigerators

- Industrial Fryers
- Industrial Roasters
- Industrial Ovens
- Industrial Beverage Dispensers
- Industrial Dishwashers

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Thanks to a booming tourism industry and a warming economy, local importers now find business opportunities emerging from new investment projects again after years of stagnation. As the hotel industry is striving to reduce carbon emission and be more environmental friendly, products with a green concept will see a stronger demand.

Taiwan's Executive Yuan adopted the Gourmet Taiwan Action Plan in 2010 to further develop the foodservice sector as one of Taiwan's competitive advantages. The Action Plan, lasting from 2010 to 2013, aims to promote the internationalization of local cuisine as well as the localization of international cuisine. The Action Plan also provides incentives for local foodservice providers to establish central factories, so that they can standardize their products and develop capabilities to expand. U.S. manufacturers of restaurant equipment are strongly encouraged to pursue these opportunities.

Participating in major trade shows is one of the most effective ways to generate international sales opportunities. The National Restaurant Association Restaurant, Hotel-Motel show is one of the trade shows certified by the U.S. Department of Commerce. The show will be held from May 21-24 in Chicago, IL. CS Taiwan is pleased to organize an International Buyer Delegation to the show. Detail information about the show is available at the website: <http://show.restaurant.org/NRA11/public/enter.aspx>

In addition, the 2011 Taiwan International Hotel, Restaurant, and Catering show will be held from June 22-25 in Taipei. Detailed information about the show is available at the website: <http://www.biztradeshows.com/trade-events/taiwan-restaurant-catering-show.html>

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Taipei Kitchen Commercial Association: www.kitchen.org.tw

Taiwan Tourist Hotel Association: www.ttha.org.tw

Taipei City Hotel Association: www.tphotel.com.tw

U.S. firms wishing to learn more about the hotel/restaurant equipment market and expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact CS Taiwan Commercial Specialist Cindy Chang at Cindy.Chang@trade.gov or visit the website <http://www.buyusa.gov/taiwan/en>

8. Industrial Chemicals (ICH)

Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$25,709,000	\$37,374,263	\$41,111,689	\$45,222,858
Total Local Production	26,348,000	36,360,000	39,996,000	43,995,600
Total Exports	9,294,496	12,207,331	13,428,064	14,770,871
Total Imports	9,532,409	13,221,549	14,543,704	15,998,074
Imports from the U.S.	1,095,352	1,399,213	1,539,134	1,693,048
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Statistical Department, MOEA

Total Imports: Statistical Department, MOEA

Imports from U.S.: Statistical Department, MOEA

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

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 at 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.

- 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

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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.

Attending trade shows is one of the most effective ways to create international sales opportunities. LAGCOE (Louisiana Gulf Coast Oil Exposition) is one of the trade shows certified by the U.S. Department of Commerce. The show will be held from October 25-27 in Lafayette, LA. It is the longest-established professional trade show in Louisiana and the second-largest oil and gas show in the United States. Detailed information about the show is available at the website: <http://www.lagcoe.com>.

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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 and expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact CS Taiwan Commercial Specialist Allen Chien at Allen.Chien@trade.gov or visit <http://www.buyusa.gov/taiwan/en/>

9. Information Security Services (SEC)

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$488,000	\$527,000	\$569,000	\$614,000
Total Sales by Local Firms	283,000	316,000	341,000	368,000
Total Sales by Foreign Firms	205,000	211,000	228,000	246,000
Total Sales by U.S. Firms	175,000	185,000	199,000	215,000
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

Total Market Size = Total Sales by Local Firms + Total Sales by Foreign Firms

Data Sources:

Total Sales by Local Firms: Ministry of Economic Affairs

Total Sales by Foreign Firms: Unofficial estimates

Total Sales by U.S. Firms: Unofficial estimates

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

According to a recent Ministry of Economic Affairs market analysis, the information security market in Taiwan is expected to grow at a compounded annual growth rate of 8% during 2011 to 2015 reaching a value of approximately US\$760 million by the end of 2015. The research further indicated that many enterprises, which rely heavily on information technology, are willing to increase their spending to procure more information security products and services. The basis for an increase of spending dwells on continuous regulatory changes in Taiwan. Technological improvements and new applications also add positive stimulus to the information security services market in Taiwan. And, as the dynamics of the industry continue to shift, US suppliers will find Taiwan a promising market to pursue and should take advantage of the opportunities to gain market share and remain the front runner in the coming years.

Taiwan's information has shown growth in the second half of 2010, as both the private and public sectors resumed their spending. Moreover, as the Personal Data Protection Act is enforced, the Act directly impacts how businesses protect and secure their proprietary information and properties. Companies now not only have to ensure information security is in place for their own operations, they are also required to evaluate the information security capabilities of their suppliers and partners. Since the new Act imposes heavy civil liability and criminal punishment to owners of enterprises that allow any information leakage, enterprises will spend more resources to strengthen their security system and protect their information data. Taiwan is poised to deploy a standard financial reporting system for publicly listed companies in line with international practices by 2013 and expand the deployment to all companies by 2015. This will encourage local businesses to upgrade their information security as well as their financial booking systems.

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A complete and total security solution has and will remain to be in high demand. For the coming years, the need for Internet-related information security will continue to fuel the demand for product segments such as firewalls, website content filtering, database security, and data loss prevention. US information security products and services providers will find best prospects in the following areas:

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

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Aiming to protect company assets and being compliant with the new regulations, enterprises are driven to continue increasing their investments in information security products and services, pushing the growth of the overall information security market in Taiwan.

The primary end-users of information security in the Taiwan market are enterprises, research institutes, and higher educational institutions. As the emphasis on information security continues, some sectors typically spend more on information security products and services than others because the value of the data that they create and transmit is higher and the cost of security breaches is greater. To name a few, these industries include financial services, healthcare organizations, high-tech industrial manufacturing, government agencies, and the military.

Participating major trade shows is one of the most efficient ways to generate international sales opportunities. The Secutech 2011 will be held from April 20-22 in Taipei, Taiwan. It is the 14th International Exhibition and Conference for electronic security, info security, fire, and safety. Detailed information about the show is available at the website: <http://www.secutech.com/11/en/>

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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.iatepe.org.tw>

U.S. firms wishing to learn more about the information security services market and expanding U.S. export opportunities to Taiwan at the trade show mentioned above are encouraged to contact CS Taiwan Commercial Specialist Rita Chen at Rita.Chen@trade.gov or visit <http://www.buyusa.gov/taiwan/en>

10. Medical Devices (MED)

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$1,654,599	\$1,873,200	\$2,060,100	\$2,266,500
Total Local Production	1,222,600	1,435,100	1,578,700	1,736,400
Total Exports	684,654	803,700	884,100	972,400
Total Imports	1,116,653	1,241,800	1,365,500	1,502,500
Imports from the U.S.	345,415	361,100	362,900	364,700
Exchange Rate: 1 USD	33.05	31.85(f)	31.75(p)	31.50(p)

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Directorate General of Customs, MOF

Total Imports: Directorate General of Customs, MOF
Imports from U.S.: Directorate General of Customs, MOF
Exchange rates provided by Central Bank of China and The Institute of
Economics, Academia Sinica

The United States remains the largest medical devices supplier to Taiwan and accounts for over 30 percent of Taiwan imports. Japan and Germany represent 18% and 14% of imports, respectively. Taiwan relies on U.S. medical devices suppliers specifically for technologically sophisticated and innovative equipment. Less sophisticated products, on the other hand, have been gradually replaced by locally made products. U.S. products have faced strong competition from other foreign competitors that are aggressive in their 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 launched a global budget system, which has affected the profit margins of medical devices sales.

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

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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, bone screws, and bone cement
- Prepared diagnostic/laboratory reagents

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Taiwan is a rapidly aging society where the elderly accounted for 10.65% of the population in 2009. 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 elective 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.

Participating in major trade shows is one of the most efficient ways to generate international sales opportunities. The Annual Meeting and Clinical Laboratory Expo of the American Association for Clinical Chemistry (AACC) is one of the trade shows certified by the U.S. Department of Commerce. The show will be held from July 24-28, 2011 in Atlanta, GA. CS Taiwan is pleased to organize an International Buyer Program (IBP) delegation to the show. Detailed information about the show is available at the website: <http://www.aacc.org/events/2011am/pages/default.aspx>

In addition, two health care related products trade shows will be held in Taipei, Taiwan. The trade shows attract a large number of local buyers and importers from the health care products sector. The two trade shows are:

- SenCARE 2011 Taiwan Int'l Senior Lifestyle and Health Care, June 23-26, <http://www.sencare.com.tw/>
- BIO Taiwan 2011 Conference & Exhibition, July 21-24, <http://www.sencare.com.tw/>

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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 and expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact CS Taiwan Commercial Specialist Shirley Wang at shirley.wang@trade.gov or visit <http://www.buyusa.gov/taiwan/en>.

11. Outbound Travel and Tourism (TRM)

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	2009	2010 (estimated)	2011 (estimated)	2012 (estimated)
Taiwan Number of Visitors to the U.S.	240,000	275,000	295,000	318,000
Total Spent by Taiwan Visitors to the U.S. (units: USD thousands)	\$885,000	\$1,102,000	\$1,150,000	\$1,200,000
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

Data Sources:

Taiwan Visitors to the U.S.: Taiwan Tourism Bureau
Total Spent by Taiwan Visitors to the U.S: Taiwan Tourism Bureau
Exchange rates provided by Central Bank of China and The Institute of Economics, Academia Sinica

The United States continues to be the highest-ranked long-haul destination for the Taiwan travelers and attracted over 232, 400 visitors in the first nine months of 2010, growing an impressive 22.4% compared to the same period in 2009. Taiwan's visitors spent about \$1 billion on U.S. travel and tourism related goods and services.

Travel trends are increasingly mirroring the demographic, socio-economic, and behavioral and lifestyle shifts of consumers. Surveys show that Taiwan tourists are opting for more short-haul trips and fewer long-haul trips. Nine of the top ten destinations for Taiwan travelers are all within Asia and the United States rounds 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% of 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 Taiwan 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.

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All-inclusive guided group package tours remain popular with first time visitors and seniors. As Taiwan travelers mature and become more savvy, the trend shifts towards independent travel and a variety of special interest tours. The demand for niche travel experience such as spectator sport travel, adventure tours, health and wellness vacations, gastronomic holidays and short-term study are expected to grow.

The percentage of traveling for business, attending professional conventions or conferences continues to grow steadily. Many Taiwan business travelers also 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 and pharmaceutical industries.

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Taiwan's outbound travel and tourism market 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.

To better understand Taiwan's outbound travel market and to network with local travel agencies, CS Taipei encourages U.S. companies to visit the 2011 International Pow Wow in San Francisco on May 21-25, 2011 when CS Taipei will lead a delegation to the event. Another way to promote your destinations in Taiwan is by participating in the 2011 International Taipei Travel Fair (ITF) which is Taiwan's largest annual event for travel and tourism slated for November 11-14. CS Taipei will jointly organize an U.S. Pavilion with the Discover America Taiwan Committee at the ITF.

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

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

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

U.S. firms wishing to learn more about Taiwan's outbound tourism market and expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact CS Taiwan Commercial Specialist Wendy Tien at Wendy.Tien@trade.gov or visit the website <http://www.buyusa.gov/taiwan>

12. Pet Products (PET)

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$630,000	\$710,000	\$765,000	\$810,000
Total Local Production	270,000	295,000	320,000	340,000
Total Exports	50,000	60,000	65,000	70,000
Total Imports	410,000	475,000	510,000	540,000
Imports from the U.S.	225,000	270,000	290,000	310,000
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

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

Data Sources

Total Local Production: Taipei Pets Products Association

Total Exports: Directorate General of Customs, MOF

Total Imports: Directorate General of Customs, MOF

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

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

In Taiwan, there are about two million dogs and cats owned as pets, and about 12% of households own at least one dog or cat. The number of pet owners has been 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, keeping them at home as companions, and owners are willing to spend increasing amounts of money on pet products and services. Similar to human trends, owners are 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/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 demand for imported, high-quality pet products and supplies, which accounts for 65% of the pet products market in Taiwan.

Shopping for pet products and services is becoming easier than ever with an increasing variety of retail outlets, internet online shopping 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 its first store at the Dream Mall in Kaohsiung, and they currently have opened 6 stores across the island. The company plans to open more than 20 Pet Plus stores in Taiwan in the next three years.

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- Dried and canned pet 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
- Toys

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Most of the money spent on pet products is spent on dogs, especially health care products and organic food. However, spending on cats and other small animals is increasing. The largest segment of the health care or pet products market will continue to be dogs since they tend to be outdoors for extended periods of time and are more exposed to pests, bacteria, and viruses. The market for pet nutritional supplements is constantly expanding as local pet owners, especially dog owners, are very concerned about the health of their pets.

As more owners treat their pets as children, they are willing to take care of pet's health at high expenses. The numbers of veterinary clinics in Taiwan are increasing as is the demand for medical devices such as anesthesia machines, blood cell count machines, dental scaling and polishing machines, X-ray devices etc.

Due to technological advantages, American firms are expected to enjoy excellent sales in the pet food sector, as well as health care, medical products 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%

Participating in major trade shows is one of the most efficient ways to generate international sales. Aqua Pets Taipei is the biggest pet product show in Taiwan. The show will be held from July 15-18, 2011. The show presents the latest popular pet food, products, toys, services, books, educational DVDs etc. CS Taiwan will assist U.S. pet suppliers with a catalogue show booth and provide make match making service for the trade promotion purpose. Detailed information about the show is available at the website: <http://www.eventseye.com/fairs/f-aqua-pets-taipei-9070-1.html>

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Taipei Pets Products Association: http://www.tpfaa.org.tw/E_1.asp

Taipei Commercial Association of Feeds and Animal Health Products: <http://www.fahp.org.tw/fahp/index.asp>

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

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

Taipei Veterinary Association: <http://www.tpvma.org.tw>

U.S. firms wishing to learn more about the Taiwan pet products market and expanding U.S. export opportunities to Taiwan at the trade show mentioned above are encouraged to contact CS Taiwan Commercial Specialist Rita Chen at rita.chen@trade.gov or visit <http://www.buyusa.gov/taiwan/en/>

13. Pleasure Boats/Accessories (PLB)

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$325,000	\$250,500	\$225,500	\$248,000
Total Local Production	160 yachts	124 yachts	112 yachts	123 yachts
Total Exports	158 yachts	99 yachts	89 yachts	98 yachts
Total Imports	\$162,500	\$125,000	\$112,500	\$124,000
Imports from the U.S.	\$81,000	\$62,500	\$56,000	\$61,500
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

Data Sources

Total Local Production: Taiwan Yacht Industry Association
Total Exports: Taiwan Yacht Industry Association
Total Imports: Directorate General of Customs, MOF
Imports from U.S.: Directorate General of Customs, MOF
Exchange rates provided by Central Bank of China and The Institute of Economics, Academia Sinica

Taiwan 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 ranked 5th globally in terms of mega yacht construction (80-120 feet in length). In Taiwan, there are 30 active yacht manufacturers, 20 of which are located in the Kaohsiung area of southern Taiwan where there is a well-established industry cluster in the vicinity of Kaohsiung Harbor.

Taiwan 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. The recent global economic downturn is taking a toll on yacht orders from Taiwan, which fell 20% year-on-year in 2010 and are estimated to decline by an additional 10% in 2011.

The United States is the largest market for yachts manufactured in Taiwan (51%) and is also the biggest supplier of components used by Taiwan yacht builders. Interviews with industry executives reveal that imports of these components are down considerably in 2009 to 2011, but demand is expected to rebound as the global economy recovers in the years ahead.

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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

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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. In 2010, the Horizon Group advanced its eco-friendly design capabilities with the launch of the SunCat 46, a 46-foot luxury multi-hull yacht powered with 100% solar energy.

Fort Lauderdale, the "Yachting Capital of the World," will host the 52nd Fort Lauderdale International Boat Show on October 27-31, 2011. The world's largest boat show, FLIBS features more than \$1.6 billion worth of boats, yachts, super yachts, electronics, engines, and thousands of accessories from every major marine manufacturer and builder worldwide. The show encompasses more than three million square feet of space, both on land and in water, at six sites connected by a transportation network. For more information, please visit the FLIBS website: http://www.showmanagement.com/fort_lauderdale/event/

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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 pleasure boats/accessories market and expanding U.S. export opportunities to Taiwan at the trade show mentioned above are encouraged to contact CS Kaohsiung Commercial Assistant Daphne Fan at Daphne.Fan@mail.doc.gov or visit <http://www.buyusa.gov/taiwan/en>

14. Pollution Control Equipment (POL)

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$665,511	\$578,378	\$636,216	\$699,837
Total Local Production	579,000	405,000	445,500	490,050
Total Exports	349,006	418,119	445,500	505,924
Total Imports	435,517	591,497	650,647	715,711
Imports from the U.S.	105,429	141,690	155,859	171,445
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Statistical Department, MOEA

Total Imports: Statistical Department, MOEA

Imports from U.S.: Statistical Department, MOEA

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

The Taiwan authorities have 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, the United States, Mainland China, Germany 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%. Local manufacturers supply the majority of the environmental market with low-cost and low-to medium level products, while the market still relies on foreign suppliers for advanced environmental technologies and equipment.

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

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

Attending trade shows is one of the most effective ways to create international sales opportunities. Following is a list of U.S. Department of Commerce-certified and Taiwan trade shows:

- WasteExpo 2011, May 9-2, 2011, Dallas, Texas, <http://www.wasteexpo.com/wasteexpo2011/public/enter.aspx>
- American Water Works Association(AWWA) ACE 11, June 12-16, 2011, Washington, DC, <http://www.awwa.org/ace11/index.cfm?showLogin=N>
- Taiwan Green Industry Show (TiGIS) 2011, October 26-29, Taipei, Taiwan, <http://www.greentaiwan.tw/>

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

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

15. Sporting Goods (SPT)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$1,173,000	\$1,200,000	\$1,260,000	\$1,240,000
Total Local Production	3,550,000	3,200,000	3,050,000	2,900,000
Total Exports	3,127,000	2,780,000	2,640,000	2,560,000
Total Imports	750,000	780,000	850,000	900,000
Imports from the U.S.	150,000	154,000	158,000	162,000
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

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

Data Sources:

Total Local Production: Taiwan Sporting Goods Manufacturers Association:

Total Exports: Directorate General of Customs, MOF

Total Imports: Directorate General of Customs, MOF

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

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

Taiwan public policy strongly advocates fitness. Fueled by the uptick in the construction of sporting venues and the 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.

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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

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Taiwan's Cabinet-level Sports Affairs Council (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 and plans to construct international-level stadiums and sports centers, establish an integrated bike path network, and support other sports and recreation facilities. The SAC 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 increase 3% annually 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 to 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 accommodation. According to the Taiwan Tourism Bureau, over 40 hotels under construction will be completed in the next two years. These hotels will procure high-end fitness equipment, such as treadmills, cycles, and rowing equipment, to equip their on-site health centers.

Participating in major trade shows is one of the most efficient ways to generate international sales opportunities. Taipei International Sporting Goods Show (TAISPO) will be held from April 27-30, 2011. Detailed information about show is available at the website: <http://www.taispo.com.tw/>

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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>

U.S. firms wishing to learn more about the sporting goods market and expanding U.S. export opportunities to Taiwan at the trade show mentioned above are encouraged to contact CS Taiwan Commercial Specialist Rita Chen at Rita.Chen@trade.gov or visit <http://www.buyusa.gov/taiwan/en>

16. Telecommunications Equipment (TEL)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	\$2,751,790	\$2,793,750	\$2,850,000	\$2,907,500
Total Local Production	6,377,303	6,600,750	6,733,000	6,744,500
Total Exports	5,826,944	6,042,000	6,163,000	6,163,000
Total Imports	2,201,431	2,235,000	2,280,000	2,326,000
Imports from the U.S.	185,865	189,950	193,800	197,710
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

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

Data Sources

Total Local Production: Taipei Pets Products Association

Total Exports: Directorate General of Customs, MOF

Total Imports: Directorate General of Customs, MOF

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

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

Mobile phones, broadband, and wireless chips are the major trends in Taiwan's telecom industry. Taiwan's fixed-network carriers, mobile operators, and broadcasters (terrestrial TV, radio, and CATV networks) are upgrading their network infrastructure to increase market competitiveness.

Following the recession in 2009, telecommunications equipment sales have rebounded 20% in 2010. Taiwan imports about 80% of its telecommunications equipment and over 50% of Taiwan's imported telecommunications equipment comes from China with most originating in the factories of international OEMs/ODMs. The import market share of direct shipment from the U.S. is about 7%.

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- Audio production equipment
- Broadcasting transmission equipment
- Cable customer premise equipment (CPE)
- Cable television (CATV) digital head end equipment

- Digital editing systems
- Fixed mobile convergence
- Global positioning system (GPS)
- Long term evaluation (LTE)
- Mobile TV
- Smart phone
- Voice over Internet protocol (VoIP)
- Worldwide interoperability for microwave access (WiMax)

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The Taiwan authorities have launched “The Development of Digital Convergence Program” in 2010 and plan to complete it by 2015. The program’s objectives are to secure a comprehensive high-speed broadband network to promote the convergence of telecommunications service, to accelerate the process of digital television to construct new video services, and to promote communication and dissemination of industrial upgrading. The goals include 6 million fiber optic subscribers, 2 million wireless broadband subscribers, a digital Cable TV penetration rate of 50% of the national households and a 50% increase in the new video service penetration by 2015.

Originally due to expire in 2013, in December 2010, the Taiwan authorities extended all 2G licenses through to 2017. Chunghwa Telecom, Taiwan Mobile and FarEasTone benefitted from this decision and continue to prepare their bids for one of five 4G licenses, which will be awarded in 2015.

Participating in major trade shows is one of the most efficient ways to generate international sales. The National Association of Broadcasters Show 2011 (NAB) is one of the 10 largest trade shows in North America and provides the world’s largest comprehensive gathering of television, radio, film, video, audio and multimedia professionals. The show will be held from April 11-14 in Las Vegas, NV. CS Taiwan will recruit an IBP delegation to attend NAB 2011 for U.S. products purchasing, trade promotion purpose. Detailed information about the show is available at the website: <http://www.nabshow.com/2011/index.asp>

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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>

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

1. Beef**Overview**

Unit: metric tons

	2009	2010*	2011 (estimated)	2012 (estimated)
Total Market Size	114,789	131,828	139,050	144,120
Total Local Production	6,099	5,100	4,400	4,500
Total Exports	443	341	350	380
Total Imports	109,133	127,069	135,000	140,000
Imports from the U.S.	32,378	46,843	46,000	47,500
Exchange Rate: 1 USD	33.05	31.85 (f)	31.75 (p)	31.50 (p)

*Annual totals estimated based on available trade data

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

Source: Council on Agriculture, Global Trade Atlas

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

In 2010, the United States surpassed Australia as Taiwan's largest beef supplier on both volume and value basis. With the reopening of the Taiwan market for U.S. bone-in beef, imports of U.S. boneless and bone-in beef surged by nearly 60% for the year to US\$218 million and a 47% market share, followed by Australia and New Zealand at 29% and 20% respectively.

NOTE: Estimated imports of U.S. beef for 2011 and 2012, as reflected in the table above, depend to a great extent on the prompt resolution of an ongoing dispute over Taiwan's enforcement of a ban on ractopamine in beef as of January 2011 (see following sections for more information)

Sub-Sector Best Prospects

The U.S. beef industry is able to supply large volumes of "Asian cuts" at prices competitive with New Zealand and 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 has been recognized by Taiwan consumers and dominates sales and retail space.

Unfortunately, in January 2011, several shipments of U.S. beef tested positive for ractopamine, a feed ingredient that is approved for use in the United States but not approved in Taiwan. Following the initial detections, Taiwan increased testing for ractopamine and ordered some U.S. beef products removed from local supermarkets. This has created uncertainty among Taiwan importers and U.S. exporters, causing imports of U.S. beef to fall sharply.

All major export markets for U.S. beef except Taiwan and the EU have set maximum residue levels (MRLs) for ractopamine. Taiwan also previously reviewed the use of ractopamine, determined it to be safe and in 2007 notified the WTO of Taiwan's intent to adopt MRLs for ractopamine. However, Taiwan subsequently suspended plans to implement the MRLs in response to pressure from domestic swine producers. AIT and Taiwan authorities are working to resolve this issue and hope to see trade resume quickly.

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Taiwan's per capita beef consumption (about 10 pounds) now nearly equals consumption in Japan (12 pounds) but is still well below South Korea (18 pounds). Family eating habits and life style choices combine to constrain the growth of consumption in Taiwan. However younger people are showing a growing preference for beef, so consumption is expected to grow.

The U.S. beef industry is able to supply large volumes of "Asian cuts" at prices competitive with major competitors New Zealand and Australia. These cuts include boneless rib, chuck, and short plate for ethnic Japanese and Korean cuisines, and middle meat items for Western restaurants. The quality of U.S. chilled beef has been recognized by Taiwan consumers and dominates sales and retail space. If the issue with ractopamine can be resolved, U.S. exports to Taiwan should continue to grow.

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For current information on export requirements for Taiwan:

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

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

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

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

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

2. Cheese

Overview

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Unit: USD thousands

	2009	2010*	2011 (estimated)	2012 (estimated)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	176	153	115	115

Total Imports	67,818	92,041	107,688	125,995
Imports from the U.S.	9,612	14,777	17,289	20,230
Exchange Rate: 1 USD	33.05	31.85(f)	31.75(p)	31.50(p)

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

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The use of cheese in the Taiwan food service sector has strong growth potential as chefs learn the versatility of mozzarella and cheddar, particularly in western style dishes.

Sliced cheese accounts for 65% of consumption in the retail sector. Frequent retail promotions in up-scale retail stores will improve consumer awareness of U.S. cheese and help consumers understand possible applications of cheese with other foods.

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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. However, Taiwan consumers have developed more sophisticated tastes for cheese products in recent years. In the past, consumers tended to associate cheese only with pizza or sandwiches. However, consumers now eat cheese in a variety of foods and meals. Cheese is also being applied as a topping to baked potatoes or as an ingredient in Chinese buns.

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

Taiwan Dairy Annual 2010 (TW10023):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Annual_Taipei_Taiwan_10-20-2010.pdf

For other information on U.S. dairy exports:

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

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

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

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

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

3. Chocolate & Other Candies (excluding chewing gum)

Overview

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Unit: USD thousands

	2009	2010*	2011 (estimated)	2012 (estimated)
Total Market Size	153,135	158,000	157,000	155,800
Total Local Production	91,273	96,000	96,500	97,000
Total Exports	17,868	20,000	22,000	24,200
Total Imports	79,730	82,000	82,500	83,000
Imports from the U.S.	8,019	8,100	8,200	8,300
Exchange Rate: 1 USD	\$33.05	\$31.85 (f)	\$31.75 (p)	\$31.50 (p)

* Annual totals estimated based on available trade data

Source: Global Trade Atlas

Taiwan imported nearly \$80 million worth of chocolate and candy (excluding chewing gum) products in 2009, a 0.41% decrease compared with the previous year. Chocolate candy products accounted for nearly 64% of the candy import market. In 2009, Japan was the largest supplier with a 20% market share, followed by Italy (18%), the United States (10%), Malaysia (6%), France (6%), Germany (5%), and Switzerland (4%). Italy and other EU countries mainly supplied chocolate products.

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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 previously held a slightly larger market share. However, the entry of major European chocolate product manufacturers as well as lower-priced candies from Southeast Asia has shifted some market share away from U.S. suppliers. Industry sources estimate slight growth in production and an approximately 10% growth for exports over the next few years due to increasing demand from China and Southeast Asia. Local consumption is anticipated to remain flat due to a greater emphasis on healthy eating.

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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 the following Foreign Agricultural Service (FAS) reports:

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. food and agricultural exports and USDA's export market development programs:

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

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

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

4. Dried and Frozen Fruit

Overview

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Unit: USD thousands

	2009	2010*	2011 (estimated)t	2012 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	3,463	2,496	2,600	2,700
Total Imports	5,938	6,500	6,600	6,800
Imports from the U.S.	1,760	1,900	2,000	2,100
Exchange Rate: 1 USD	\$33.05	\$31.85 (f)	\$31.75 (p)	31.50 (p)

* Annual totals estimated based on available trade data

Source: Taiwan Directorate General of Customs, Ministry of Finance

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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 U.S. exporters are facing growing competition from competitors such as China (prunes) and Argentina (raisin).

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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 as new flavors work their way into the mainstream prepared food market.

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

Taiwan Stone Fruit Annual (TW10020)

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Stone%20Fruit%20Annual_Taipei_Taiwan_8-23-2010.pdf

Taiwan Fresh Deciduous Fruit Annual (TW10026):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual_Taipei_Taiwan_11-1-2010.pdf

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

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

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

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

5. Fish and Seafood Products

Overview

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Unit: USD thousands

	2009	2010*	2011 (estimated)	2012 (estimated)
Total Market Size	2,146,814	2,841,901	2,930,000	3,015,000
Total Local Production	2,606,000	3,461,000	3,565,000	3,670,000
Total Exports	1,030,267	1,246,640	1,280,000	1,320,000
Total Imports	571,081	627,541	645,000	665,000
Imports from the U.S.	15,094	17,638	18,200	18,700
Exchange Rate: 1 USD	\$33.05	\$31.85 (f)	\$31.75 (p)	\$31.50 (p)

*Annual totals estimated based on available trade data

Source: Global Trade Atlas; Fishery Agency, Council on Agriculture

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Taiwan's domestic fish production fell to just over US\$2.6 billion in 2009, an 18% decrease from the previous year. Taiwan's top seafood suppliers in 2009 were China, Vietnam, Norway, Thailand and India.

The value of fishery products imported from the United States to Taiwan is estimated at \$17 million. The major U.S. export items to Taiwan are: rock lobsters and other shellfish; dried/smoked fish liver and roe; and oysters.

The seafood market is highly competitive in Taiwan. China has been the leading supplier to Taiwan since 2006. Continuing trade liberalization between China and Taiwan will strengthen China's market position further with reduction in tariffs slated for imports of live, chilled and frozen fish from mainland China.

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U.S. fish and seafood products are perceived by Taiwanese consumers to be of high quality and cutting edge. Prospects for U.S. fish and seafood exports to Taiwan are promising. Seafood is an important part of the Taiwan diet, and 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 incomes and new dietary trends.

Most U.S. seafood is consumed in restaurants, rather than purchased in supermarkets or traditional wet markets. There is a niche market for seafood imports as demand for quality seafood is growing. Consumers are not always aware if the seafood they purchase is imported or domestically produced. Promotion or taste testing would help 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. food and agricultural exports and USDA's export market development programs:

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

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

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

6. Fresh Fruits

Overview

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Unit: USD thousands

	2009	2010*	2011 (estimated)	2012 (estimated)
Total Market Size	2,308,403	2,404,000	2,518,000	2,577,000
Total Local Production	1,988,119	2,100,000	2,200,000	2,250,000
Total Exports	39,725	46,000	42,000	43,000
Total Imports	360,009	350,000	360,000	370,000
Imports from the U.S.	154,282	155,000	160,000	170,000
Exchange Rate: 1 USD	\$33.05	\$31.85 (f)	\$31.75 (p)	31.50 (p)

*Annual totals estimated based on available trade data

Source: Global Trade Atlas; Taiwan Council of Agriculture

Taiwan has the world's highest per capita consumption of fresh fruit at 135 kilograms. In 2009, Taiwan imported approximately US\$360 million worth of fresh fruit, a 8% decrease from the previous year. The United States remained the largest supplier, accounting for 43% of Taiwan's total fresh fruit imports, followed by Chile (15%), New Zealand (13%), Japan (10%), and Korea (6%).

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The major U.S. export items to Taiwan in 2009 were: apples (US\$43 million); peaches & nectarines (\$35 million); cherries (US\$39 million); grapes (US\$18 million), plums & sloes (US\$8 million), and oranges (US\$4 million).

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

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

Taiwan Stone Fruit Annual (TW10020)

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Stone%20Fruit%20Annual_Taipei_Taiwan_8-23-2010.pdf

Taiwan Fresh Deciduous Fruit Annual (TW10026):

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual_Taipei_Taiwan_11-1-2010.pdf

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

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

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

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

7. Pet Food

Overview

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Unit: USD thousands

	2009	2010*	2011 (estimated)	2012 (estimated)
Total Market Size	92,929	102,607	106,900	109,900
Total Local Production**	16,000	16,500	16,500	16,500
Total Exports	875	1,559	1,600	1,600

Total Imports	77,804	87,666	92,000	95,000
Imports from the U.S.	31,183	33,046	34,000	35,000
Exchange Rate: 1 USD	\$33.05	\$31.85 (f)	\$31.75 (p)	\$31.50 (p)

* Annual totals estimated based on available trade data

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

Source: Taiwan Council of Agriculture

Taiwan's imports of pet food (dog & cat food put up for retail sale) have nearly tripled in 10 years, growing from \$31 million in 2001 to US\$88 million in 2010. The United States continues to be the leading supplier with a 38% market share followed by Thailand (21%), Australia (18%), France (12%), and Canada (4%).

Official data on local production of pet food is not available. It is estimated that domestic production accounts for less than 20% of the total pet food market 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 80:20.

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The growth in the Taiwan pet food market can be attributed 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 continue to grow moderately over the next few years.

In Taiwan, pet food is sold in pet specialty stores, pet clinics, supermarkets, hypermarkets, and convenience stores. Larger pet food importers with significant market share 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 are increasingly importing directly to avoid the higher cost of products purchased from importers or local manufacturers.

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The long-term trend for U.S. pet food exports to Taiwan points to more competitive but still favorable market conditions, with U.S. imports expected to maintain a nearly 40% market share. U.S. pet food brands are commonly viewed as being significantly higher in quality, which is the primary reason that Taiwan pet owners are willing to pay higher prices. However, the recent entry of pet food in significantly large volumes 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, generally with local private labels, are mainly marketed through supermarket/hypermarket stores.

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

Taiwan Pet Food Report (TW8041):

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

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

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

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

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

8. Pork

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Unit: METRIC TONS

	2009	2010*	2011 (estimated)	2012 (estimated)
Total Market Size	931,783	909,962	917,600	922,550
Total Local Production	857,155	850,000	850,000	850,000
Total Exports	2,696	2,408	2,400	2,450
Total Imports	77,324	62,370	70,000	75,000
Imports from the U.S.	32,763	23,793	28,000	30,000
Exchange Rate: 1 USD	\$33.05	\$31.85 (f)	\$31.75 (p)	\$31.50 (p)

*Annual totals estimated based on available trade data

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

Source: Council on Agriculture, Global Trade Atlas

Taiwan's pork consumption is relatively stable, and local producers supply most of the market (92%). Historically, significant imports have occurred only in response to occasional short supplies and high local pork prices. During the past decade, however, U.S. pork has gained acceptance by Taiwan food processors. As a result, there is now a steady demand for imports of pork for further processing, although imports declined in 2010 due to high prices in North America.

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Imports of pork were disrupted in 2007 due to the detection of ractopamine, a feed ingredient that is approved for use in the United States but not approved in Taiwan, in some samples of U.S. pork. 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 of U.S. pork, Canada replaced the United States as the leading exporter of pork to Taiwan.

Ractopamine is approved for use with pigs in the United States and many other countries. Taiwan also previously reviewed the use of ractopamine, determined it to be safe and in 2007 notified the WTO of Taiwan's intent to adopt MRLs for ractopamine. However, Taiwan subsequently suspended plans to implement the MRLs in response to pressure from domestic swine producers. As a result, Taiwan importers are still cautious

about bringing in certain cuts of U.S. pork until the issue with ractopamine can be resolved.

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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 may find room for market growth.

U.S. valued-added products such as natural pork and processed pork products are 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 current information on export requirements for Taiwan:

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

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

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

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

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

9. Poultry Meat

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Unit: METRIC TONS

	2009	2010*	2011 (estimated)	2012 (estimated)
Total Market Size	701,492	758,200	760,200	763,200
Total Local Production	625,369	635,000	630,000	630,000
Total Exports	6,351	4,800	4,800	4,800
Total Imports	82,474	128,000	135,000	138,000
Imports from the U.S.	70,522	115,000	120,000	122,000
Exchange Rate: 1 USD	\$33.05	\$31.85 (f)	\$31.75 (p)	\$31.50 (p)

* Annual totals estimated based on available trade data

Source: Council of Agriculture, Global Trade Atlas

Generally, Taiwan's rate of self-sufficiency for poultry products is over 80%. The U.S. and Canada are the only two poultry product suppliers eligible to ship to Taiwan. Due to

the price competitiveness of U.S. chicken, Taiwan's imports of U.S. poultry meat rose two-thirds by volume to reach 96,614 metric tons during the first ten months of 2010.

The WTO special safeguard (SSG) for chicken wings and legs was triggered on July 10, 2010 when total imports of the product reached 73,827 metric tons. The trigger volume for other chicken cuts in 2010 was 3,104 MT, and the import volume of this category was only 300 MT below the trigger volume as of Dec. 31, 2010. The strong increase in imports of poultry wings and legs will not reflect on the SSG levels until 2012, so the 2011 SSG trigger volume for chicken wings and legs will remain at 2010 level of 73,827 metric tons.

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Taiwan consumers prefer dark meat over breast meat, so the top import items are poultry legs, thighs and wings. Imports of U.S. poultry meat are expected to continue to grow as the market adjusts to increasing competition. Significant opportunities exist, in particular for those producers who are able to address importer concerns regarding cut and packaging specifications. Imported poultry has gained market acceptance in processed food and food service channels, while the situation in retail market has also been changing due to better defrost technology and consumer acceptance of frozen chicken. Consumer preference for home use is still for locally raised “fresh/chilled” product or live chickens selected and slaughtered at neighborhood wet markets.

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At present, the United States is the only major exporter permitted to export to Taiwan. Imports from Canada, however, are becoming a threat because Canadian poultry products are considered to have less 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.

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For current information on export requirements for Taiwan:

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

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

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

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

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10. Ready-to-use Processed Foods/Ingredients

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

HS Code 2103: Sauces/Condiment

Unit: USD thousands

	2009	2010*	2011 (estimated)	2012 (estimated)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	32,520	36,000	35,000	36,000
Total Imports	64,025	68,000	69,000	70,000
Imports from the U.S.	11,879	11,900	12,000	12,500
Exchange Rate: 1 USD	\$33.05	\$31.85 (f)	\$31.75 (p)	\$31.50 (p)

* Annual totals estimated based on available trade data

Source: Global Trade Atlas

HS Code 0901: Coffee

Unit: USD thousands

	2009	2010*	2011 (Estimated)	2012 (Estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	1,039	1,800	1,890	1,900
Total Imports	49,056	64,500	69,000	72,000
Imports from the U.S.	8,433	9,000	9,500	10,000
Exchange Rate: 1 USD	\$33.05	\$31.85 (f)	\$31.75 (p)	31.50 (p)

* Annual totals estimated based on available trade data

Source: Global Trade Atlas

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

Other examples of ready-to-use products are sauces/condiment preparations, especially tomato ketchup/paste/sauces and mustard flour/meal which are used in the local food service sector. In 2009, Japan led the overall market with a 53% market share followed by the United States (19%), China (7%), Thailand (4%), Hong Kong (4%), Malaysia (2%), and Italy (2%).

Taiwan's insatiable demand for coffee continues to grow at a rapid pace. Taiwan's coffee consumption grew an estimated 10% in 2009. Local coffee production is also on the rise. Much of the domestic coffee output is consumed locally by tourists visiting coffee farms, but official data shows that Taiwan coffee exports are also growing. In 2009, Indonesia was the leading supplier of coffee to Taiwan with 26% market share, followed by the United States (17%), Brazil (12%), Italy (6%) and Columbia (6%).

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Trends that bode well for this category include: 1) the increasing numbers of people dining out on a regular basis; 2) the strong uptick in the number of retail coffee outlets. The growth in Western-style restaurants and coffee shops is contributing to the growing demand for processed foods and food ingredients. In addition, U.S. suppliers of flavorings, nutritional additives, product performance enhancers, and labor saving (pre-processed) ingredients can also expect to find high demand for their products in Taiwan.

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

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. food and agricultural exports and USDA's export market development programs:

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

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

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

11. Soft Wood and Treated Lumber

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Unit: Cubic Meters

	2009	2010*	2011 (estimated)	2012 (estimated)
Total Market Size	596,473	727,000	746,000	756,000
Total Local Production	18,947	17,000	16,000	16,000
Total Exports	10,896	10,000	10,000	10,000
Total Imports	588,422	720,000	740,000	750,000
Imports from the U.S.	112,166	120,200	124,000	126,000
Exchange Rate: 1 USD	\$33.05	\$31.85 (f)	\$31.75 (p)	\$31.50 (p)

*Annual totals estimated based on available trade data

Source: Council on Agriculture, Global Trade Atlas

The U.S. is Taiwan's second largest softwood and treated lumber supplier. Total softwood and treated lumber exports to Taiwan in 2010 are estimated to be worth more than \$30 million. Of the products in this category, Southern Yellow Pine accounts for most of the export volume and value, totaling 60,592 cubic meters during

the first 10 months of 2010 with a total value of \$18 million. In fact, trade data shows that U.S. pine products, treated and non-treated, jumped 28% and 3% in 2009 and 2010 respectively in volume over the previous years' levels. U.S. Southern Yellow Pine products are well accepted and are used in many applications in Taiwan such as flooring, decks, fences, marinas, patio and mountain trails.

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A number of efforts are being undertaken by the Taiwan authorities to demonstrate the benefits of 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.

With several U.S. wood industry associations' collaborative efforts, Taiwan authorities recently accepted a request to modify the Chinese National Standards for wood and wood products that was submitted by American Institute in Taiwan. The proposal is with the Wood Codes Committee for review. If these modifications are accepted, there should be more opportunities for U.S. wood exports.

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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.

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 adopt only wood structure designs.

The 2010 Taipei International Flora Expo, which opened for the first time in Taiwan on November 5, 2010 and will continue through April 25, 2011, also brings many opportunities to the U.S. wood industry. Major exhibition sites at the Expo, including several other country pavilions, are designed with treated wood lumber from the United States.

Major importers in Taiwan also discovered a new opportunity for U.S. engineered wood products -- moldboard used in construction sites, traditionally made of tropical hardwood, can be produced by U.S. laminated Veneer Lumber (LVL) with better persistence and elasticity performance.

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For further information, please see the following 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. food and agricultural exports and USDA's export market development programs:

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

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

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

12. Wine & Spirits

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Wine

Unit: USD thousands

	2009	2010*	2011 (estimated)	2012 (estimated)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	280	400	320	340
Total Imports	68,471	88,037	101,250	116,500
Imports from the U.S.	6,356	8,113	9,350	10,700
Exchange Rate: 1 USD	\$33.05	31.85(f)	\$31.75(p)	\$31.50(p)

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

Spirits & Others

Unit: USD thousands

	2009	2010*	2011 (estimated)	2012 (estimated)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	12,541	16,011	19,213	23,055
Total Imports	268,783	306,329	337,000	370,000
Imports from the U.S.	1,394	1,708	1,600	1,700
Exchange Rate: 1 USD	\$33.05	\$31.85(f)	\$31.75(p)	\$31.50(p)

*Annual totals estimated based on available trade data

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Taiwan imports of wine and spirits in 2010 are projected to increase by 17% compared to 2009 due to the recovery of the economy and the strong demand from on-premise channels. The demand for wine and spirits is expected to remain strong in 2011.

In terms of product mix, whisky accounts for the largest share with an estimated 56% share by volume and 98% share by value for the 2010 calendar year. Taiwan imports of whisky have increased by 15% in 2010 compared to the same period in 2009. The growth is attributed to the rebounding economy, especially the resumption of companies holding year-end appreciation parties for their employees and clients.

The grape wine import market is anticipated to increase in volume by 30% in 2010 compared to 2009 because of the growing economy that supports increasing bar and restaurant patronage. Grape wine accounts for 22% of wine and spirits import value. Over past two years, the consumer profile of wine has extended to young professionals. The entry-level wine that consumers prefer is dark-color and round-tannin wine while off-dry wine remains popular among female drinkers. The proposed health tax on alcoholic beverages is anticipated to have more of an impact on the sales volume of low-priced wines but is anticipated to have little impact on premium-priced wine and spirits.

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 the single malt scotch market. Suppliers from the UK have held a 95% market share for five consecutive years. After many years of educating Taiwan consumers by local UK whisky experts through various media outlines have translated into preferences by consumers for single malt scotch and as a symbol of status and are willing to pay higher prices to give premium scotch as a gift. 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 advantage of important festival occasions at the retail and VIP sectors. The shopping pattern is more and more concentrated before major festival occasions, such as Moon Festival, company year-end parties and Chinese New Year. Long-term consumer education will cultivate future consumers and brand awareness while "right-timing" promotions may result in immediate purchases.

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For further information, please see the following 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. food and agricultural exports and USDA's export market development programs:

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

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

For more information on the Taiwan market for food and agricultural products, please contact the 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. 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 and reclassified 297 items of the tariff lines of the ten-digit level in 2010.

Taiwan continues to make unilateral improvements to its tariff structure on finished goods and raw materials. In 2010, the average nominal tariff rate for industrial products was 4.18% and 13.88% for agricultural products. The overall average nominal tariff rate for imported goods was 5.85% in 2010. U.S. industry continues to request that Taiwan lower tariffs on imports of many products, including large motorcycles, wine, canned soups, cookies, savory snack foods, vegetable juices, potatoes and potato products, table grapes, apples, fresh vegetables, and citrus products.

When Taiwan became a WTO member in January 2002, Taiwan implemented tariff-rate quotas (TRQs) on small passenger cars and chassis, three categories of fish and fish products, as well as a number of agricultural products. On January 1, 2007, in accordance with its WTO commitments, Taiwan made additional tariff cuts and increased TRQ amounts on these products. In addition, Taiwan has committed to fully eliminate 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. In general terms, no import permit or licensing is required and importers can apply for customs clearance directly. However, there are some exceptions. Import permits or documents are required for commodities under the Negative List, which are subject to import restrictions. Commodities under the Negative List include those under certain international treaties or trade agreements and items subject to national defense, society security, cultural protection, hygiene, and environmental and ecological concerns, as well as those subject to policy demands. Products subject to import bans can be imported only with a special import permit from the Board of Foreign Trade, while documents, such as a letter of consent from the relevant authorities, are required for those commodities that are subject to certain importation conditions.

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

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

U.S. Export Controls

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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.

The majority of exports do not need an export license. Only a relatively small percentage of total U.S. exports and re-exports require an application to BIS for a license. Licensing requirements are dependent upon an item's technical characteristics,

the destination, the end-user, and the end-use. It is the responsibility of the U.S. exporter to comply with all BIS licensing requirements.

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

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

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

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

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

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

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

Temporary Entry

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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 42 nations, including the United States, to implement provisions of the ATA Carnet. These agreements grant temporary customs exemptions for commercial samples, professional instruments and equipment, as well as exhibition goods that are brought into Taiwan for sales promotion and exhibition purposes. They facilitate international business by avoiding extensive customs procedures, eliminating payment of import duties and value-added taxes, and replacing the purchase of temporary import bonds. Items must be shipped out of Taiwan within one year of the event's conclusion to avoid imposition of import tariffs and other taxes.

The agreement with the United States to implement the TECRO/AIT Carnets was signed in December 1999. Like the ATA Carnet, TECRO/AIT Carnets are valid for up to one

year and allow U.S. exporters to avoid duties and taxes for commercial samples and professional equipment when entering Taiwan. The TECRO/AIT Carnets issued exclusively for Taiwan are very similar to the traditional ATA Carnets, but must be applied for separately (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 product name; weight; volume or quantity of the contents (if a mixture of two or more components, they must be listed separately); name of food additives; name, address, and telephone number, of importer (mandatory) and manufacturer (not mandatory); country of origin; and expiry date. For imported foreign foods, the following information is also required in Chinese on the label: type of frozen foods; method and conditions of

storage; and cooking instructions if the products require cooking or are not ready-to-eat. 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

Organic Labeling: The Council of Agriculture (COA) implemented new regulations for organic products on January 29, 2009 and announced certification recognition of USDA’s National Organic Program (NOP) 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 mark "organic" on the labels. The increased paperwork and coordination of shipments has raised costs. However, some importers replace the listing of "organic" on the label with similar but more ambiguous language such as "natural". More information is available at COA’s website: <http://www.coa@mail.gov.tw>

Prohibited and Restricted Imports

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In order to comply with its WTO commitments, Taiwan has eliminated more than 99 percent of its import controls on 10,892 official import categories. Currently, there are 101 product categories facing import restrictions. Of those categories, 15 require import permits from the Board of Foreign Trade (BOFT) and 86 are prohibited. Most of the permit-required categories are related to public sanitation and national defense concerns, and include some agricultural products and ammunition. In addition, Taiwan maintains a lengthy list of products that are banned if made in 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, 8,643 categories or 79.4 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.

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

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

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

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

Department of Customs Administration
Ministry of Finance (MOF)
No. 2, Aiguo W. Rd., Taipei
Tel: 886-2-2322-8000
Fax: 886-2-2356-8774
Website: <http://doca.mof.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) is the authority responsible for the development, compilation, and publication of "Chinese National Standards" (CNS) as well as for conformity assessment. BSMI also implements commodity inspection measures as stipulated in Taiwan's Commodity Inspection Law.

Taiwan's national standards are based primarily on international standards such as those set up by the International Standards Organization (ISO), International Electrotechnical Commission (IEC), and International Telecommunications Union (ITU).

Taiwan acceded to the WTO on January 1, 2002. The preparation, adoption and application of national standards comply with the requirements of the Agreement on Technical Barriers to Trade (TBT) of the WTO.

National standards are classified under 26 categories. As of 2010, the BSMI has 14,462 national standards. Of these standards, 3,244 correspond with international standards, and the harmonization for 2,813 of them has been completed. The harmonization of Taiwan's national standards with international standards increased from 46 % in 2001 to 86.7% in 2010. The BSMI administers the CNS Market Certification System whereby products meeting standards are allowed to carry the CNS mark.

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

Standards Organizations

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The Standards Division (First Division) of the Bureau of Standards, Metrology and Inspection (BSMI) is responsible for drafting standards policies and regulations. This division consists of four sections, with the First Section responsible for general standardization activities including the drafting of regulations, guidance, harmonization planning, administration of the CNS mark, compilation of the standards gazette, and promotion of national standards. The remaining three sections are each responsible for standards in specific industry sectors.

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

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

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

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to

review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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The Sixth Division of BSMI is in charge of testing and inspection methods. This division currently conducts testing in areas including electromagnetic compatibility (EMC), biochemistry, chemistry, polymers, materials, electrical engineering, and mechanical engineering. Nearly 600 industrial goods including chemical, mechanical and electronics products, and more than 1,800 agricultural, food and fishery products are subject to inspection. Testing of commodities can only be done by BSMI or testing laboratories recognized by the BSMI.

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

Currently, a total of 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 national testing organizations or conformity assessment bodies is available on BSMI's website at <http://www.bsmi.gov.tw>

Product Certification

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

The RPC scheme encompasses requirements for the product design stage (type testing) and manufacturing stage (quality management system). In other words, while applying for the RPC, both product design and manufacturing processes 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 in Taiwan.

To enhance the protection of consumers from hazards posed by telecommunications and electrical and electronics products, and to meet international requirements for electromagnetic compatibility (EMC), BSMI has promulgated "Regulations Governing Electromagnetic Compatibility of Commodities." Manufacturers or importers must obtain type approval of their products from BSMI and all products must apply for inspection based on the EMC type approval certificate. Currently, 266 products are subject to EMC inspection, of which 11 are mechanical products, 146 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 National Voluntary Laboratory Accreditation Program (NAVLAP). NIST accredited labs outside the U.S. are not accepted by BSMI.

As a result of discussion with NIST in 2009, BSMI now recognized 99 U.S. Conformity Assessment Bodies (CABs) to conduct product testing as described in the Asia-Pacific Economic Cooperation (APEC) Mutual Recognition Agreement. However, except for EMC, all the other safety related testing required by BSMI must be conducted in Taiwan. U.S. industry and importers of toys, sunglasses, lighting, handbags, and other consumer products seek cooperative resolutions with Taiwan officials to reduce cost and eliminate redundant testing through an establishment of mutual recognition programs to recognize tests done overseas.

Accreditation

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Taiwan Accreditation Foundation (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 personnel. As for the Department of Laboratory Accreditation, its main mission is to execute and manage the assessment and accreditation of laboratory inspection bodies and proficiency test providers.

Accreditation for labs is conducted on a voluntary basis. At present, TAF provides laboratory accreditation in four major categories -- calibration, testing, civil engineering, and medical -- with a total of 32 fields. So far, TAF has accredited 1,347 laboratories in Taiwan. There are 38 accredited bodies under TAF engaged in the accreditation of management systems -- which include quality, environmental, occupational health and safety, information security, food safety, and green products management systems -- and 39 handling accreditation for commodities.

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

Labeling and Marking

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

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

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

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

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

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

Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs
No. 4 JiNan Rd., Sec. 1, Taipei 100, Taiwan
Tel: 886-2-2343-1700
Fax: 886-2-2356-0998
Website: <http://www.bsmi.gov.tw>

Taiwan Accreditation Foundation
8F, No. 20 Nan-Hai Road, Taipei 10074, Taiwan
Tel: 886-2-2391-4626
Fax: 886-2-2397-1744
Website: <http://www.taftw.org.tw>

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

Trade Agreements

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

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

Department of Customs Administration, Ministry of Finance (MOF): <http://doca.mof.gov.tw>

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

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

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

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

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Strategically located in the center of the East Asian market, Taiwan continues to attract significant foreign direct investment. Expanded cross-Strait trade through the Economic Cooperation Framework Agreement (ECFA) signed with mainland China on June 30, 2010 will likely contribute to the robust investment climate in the years to come. Streamlined procedures offered by the island's science-based industrial parks, export processing zones, and free trade zones continue to increase Taiwan's appeal to foreign investors. The World Bank ranked Taiwan 33rd out of 183 economies for "Ease of Doing Business" in its Doing Business 2011 report.

<u>Measure</u>	<u>Year</u>	<u>Index/Ranking</u>
World Bank Doing Business	2011	33rd
TI Corruption Index	2010	33rd
Heritage Economic Freedom	2011	25th
Legatum Prosperity Index	2010	22nd
WEF Global Competitiveness Report	2010	13th

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 open to foreign investment.

While most foreign ownership limits have been removed, the foreign ownership limit on wireless and fixed line telecommunications firms is 60%, including a direct foreign investment limit of 49%. 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 two 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. The foreign ownership cap on ground-handling firms, air-catering companies, aviation transportation businesses (airlines), and general aviation business (commercial helicopters and business jet planes) is less than 50%, with a separate limit of 25% for any single foreign investor. For Taiwan-flagged merchant ships, foreign investment is limited to 50% for Taiwan shipping companies operating international routes.

Regulations governing foreign direct investment principally derive from the Statute for Investment by Foreign Nationals (SIFN) and the Statute for Investment by Overseas Chinese (SIOC). These two laws permit foreign investors to use either foreign currencies or NT dollars. In 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 to local firms. Foreign companies may invest in state-owned firms undergoing privatization and are eligible to participate in publicly-financed research and development programs.

Taiwan has been gradually relaxing restrictions on investments from mainland China. In 2009, Taiwan launched the first phase of opening up to Chinese investment. Under the new policy, Taiwan opened 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." As of November 2010, Taiwan approved 99 investment applications from mainland China totaling US\$131 million. As for the banking industry, two Chinese banks established representative offices in Taiwan in October 2010, and one more bank has been approved by Taiwan's financial regulator to do so. The two mainland banks are limited to only conducting non-profit business activities before receiving permission to apply to establish branches.

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\$16.8 million at an exchange rate of NT\$29.7 per

US\$) is generally granted within two working days at the IC division chief level. For investments between NT\$500 million (US\$16.8 million) and NT\$1 billion (US\$33.7 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 with 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 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. There are no reports of "creeping expropriation" or official actions tantamount to expropriation. Under Taiwan law, no venture with 45% or more foreign investment can be nationalized, as long as the 45% capital contribution ratio remains unchanged for a period of 20 years after the establishment of the foreign business. Expropriation can be justified only for national defense needs, in which case "reasonable" compensation must be provided.

Dispute Settlement

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Taiwan is not a member of the International Center for the Settlement of Investment Disputes, established by the World Bank to provide arbitration and conciliation services for governments and foreign investors. Foreign investment disputes with the Taiwan authorities are not common. Normally, Taiwan resolves disputes according to domestic laws and regulations, and based on national treatment or investment guaranty agreements. Taiwan has implemented investment guaranty agreements with 28 other nations, and is in the process of negotiating one with China.

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

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

The latest version of Taiwan's Arbitration Law sought to bring its arbitration regime more in-line with international practices and was implemented in 1998. Many provisions in the Arbitration Law are influenced by the Model Law promulgated by the United Nations Commission on International Trade Law ("UNCITRAL Model Law"). The Chinese Arbitration Association, Taipei (the Association) is a nonprofit organization established by the Ministry of Interior. The Association has 21 cooperative agreements with other arbitration institutions across the globe. The Association has managed disputes ranging from construction, maritime, securities, international trade, intellectual property rights, insurance, cross-strait disputes, information technology etc. By agreement, disputants in a case can determine the governing law of the dispute, rules of procedures, language used in proceedings, authority of the arbitrators, place and location of the arbitration, time of the hearing, and extension of the time limit to render the arbitral award, among other factors.

Performance Requirements and Incentives

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Taiwan's performance requirements were discontinued in 2002 following Taiwan's WTO accession. Taiwan does not require foreign firms to transfer technology, locate in

specified areas, or hire a minimum number of local employees as a prerequisite to investment.

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

Under the WTO, Taiwan agreed it would phase out industrial offset requirements (IOR) for non-military public procurement when it acceded to the Agreement on Government Procurement (GPA) in July 2009. Taiwan initially applied the IOR only to military procurements, following the practice of most GPA members. It began reducing, however, the IOR coverage of non-military procurements in 2004. Currently, the only non-military procurements that require an offset are rail locomotives and passenger coaches. Recently, an offset obligation of at least 20% is being written into most contracts that do not have a designated contract threshold. For military procurements, the threshold is US\$5 million with a minimum offset of 40%. As a result of legislative pressure, the offset ratio has reached 70% in some military cases.

Since 1988, Taiwan has signed industrial offset contracts (IOCs) with 110 suppliers from 12 countries. The commitment value of these contracts totals US\$9.4 billion, and realized contracts amount to US\$6.0 billion. Forty-nine percent of the total realized value was directed to transfer of technologies, 16% to foreign direct investment in Taiwan, 22% to procurement from Taiwan, 5% to trade promotion, 5% to personnel training, 2% to assessment certification, and 1% to R&D. Taiwan has published industrial offset rules in both Chinese and English, and has made them accessible to the public online.

The United States remains concerned, 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 eliminated most state-owned monopolies, with the exception of some companies in the health insurance, financial, and power and water utility sectors.

Protection of Property Rights

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Reflecting Taiwan's IPR legal regime and enforcement advances, the Office of the U.S. Trade Representative (USTR) removed Taiwan from the Special 301 Watch List in January 2009. The United States, however, 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 copying of textbooks, and the

level of protection for the packaging, configuration, and outward appearance of products (trade dress). The importation and transshipment of counterfeit products from China is also a problem, as well as the collusion of some Taiwan companies in supplying components to mainland factories producing "Shanzhai" counterfeits (e.g., mobile phones, netbooks and other electronic devices). The United States is actively working with the Taiwan authorities to address these issues.

The Pharmaceutical Law, as amended in 2004 and 2007, stiffened penalties for the 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, in 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 amendment draft of the law is under review by the Economic Committee of the Legislative Yuan and is expected to be passed by the LY in 2011. However, foreign pharmaceutical manufacturers charge that Taiwan authorities unfairly allow generic pharmaceutical companies to apply for licenses and for Bureau of National Health Insurance (BNHI) reimbursement prices 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, the Judicial Yuan inaugurated in 2008 an Intellectual Property Court authorized to handle all new civil and administrative IP litigation, as well as appeals on criminal cases. To combat Internet-related IPR violations, Taiwan has strengthened cooperation with foreign enforcement agencies, including signing an IP cooperation and protection agreement with China in June 2010. Taiwan's Copyright Law subjects illegal file sharing to a maximum jail term of two years and requires Internet service providers (ISP) to undertake specific and effective notice-and-takedown actions against online infringers, or else ISPs would be liable for their network users' IPR infringements.

Additionally, the Ministry of Education (MOE) continues to implement and strengthen a three-year IPR action plan to combat 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. The Council of Labor Affairs (CLA) has a single window to issue work permits for all white-collar workers. As of August 2010, employers can apply on-line for working permits for

their foreign employees. Work permits are typically issued within 7 to 10 days and 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 if they don't conduct professional or technical jobs. Foreign white collar workers have the right to obtain permanent residence status after they have legally stayed in Taiwan for seven consecutive years, with a minimum time of residence of 180 days per year. The seven-year requirement is waived for high-tech personnel and those who have made "significant contributions" to Taiwan. Blue collar workers have no such rights to obtain permanent residence status automatically after seven years' legal residence.

The entry-visa issuance procedures for foreign white-collar workers who work for foreign companies have been simplified. A foreign executive who enters Taiwan with a tourist visa is no longer required to leave the island in order to convert the tourist visa to an employment visa. Similarly, a foreign executive whose employment visa expires is not required to leave Taiwan in order to renew 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 November 2010, 747 companies were listed on the Taiwan Stock Exchange (TAIEX). The ratio of the market value of listed companies to GDP was 162.9%. The market value of the listed companies in Taiwan was at US\$ 734 billion. The transaction volume of Taiwan's securities and stock exchange market reached US\$ 990 billion, and the turnover rate of the transaction volume was 178.3% in 2010. A wide variety of credit instruments, all allocated on market terms, are available to both domestic- and foreign-invested firms. Legal accounting systems are largely transparent and consistent with international standards. The regulatory system is generally fair though it tends to be conservative at times by Western standards. 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.

Currently foreign institutional investors are allowed to enter Taiwan's market without restrictions. There is no minimum asset requirement. On-shore foreign investors are

subject to annual capital flow limits of US\$5 million for an individual foreign investor and US\$50 million for an unregistered foreign company.

Taiwan has removed all legal limits on foreign ownership, except for investors from mainland China, in nearly all companies listed on the 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. Since the mid-1980s, however, 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. Over the past decade, nine state-owned banks have been privatized. The only Taiwan-based reinsurance company was privatized in 2002. Banks that have some form of state ownership or control, including the three remaining banks wholly owned by the state, still dominate the banking sector, however, and hold a market share of nearly 60% (see next section).

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 industries. As of December 2010, Taiwan authorities still control twenty SOEs, including official agencies such as the Central Bank, the Bureau of National Health Insurance, and the Export-Import Bank of the ROC, which have no private-sector competitors.

Progress toward privatizing some of the remaining SOEs has been stalled since 2007, largely due to opposition from SOE employees. In addition, the rising fiscal deficit has made the authorities reluctant to part with their profit-making SOEs for fear of worsening 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 Taiwan 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 2010, Bank of Taiwan and the Land Bank account for 18% of domestic banks' total assets. With the exception of the state monopolies, the SOEs compete directly with private companies.

SOEs typically have an independent board of directors, and senior management is not required to report directly to a line minister. The authorities can appoint officials to serve in a certain number of board member positions. SOEs are not obligated, however, to

consult with government officials before making business decisions, except in very rare cases.

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

In the banking industry in particular, the state plays a dominant role. Taiwan's ten banks with minority state shares, in addition to the state-owned Bank of Taiwan and the Land Bank, jointly account for nearly 60% of the overall domestic banking assets. Most of these state-affiliated banks are large in scale compared to the purely private financial institutions. Not all of the banks, however, make full use of economies of scale, and some have been underperforming. In the third quarter of 2010, for example, the return on assets (ROA) for Bank of Taiwan was 0.17% -- lower than the domestic banks' average ROA of 0.55%, according to statistics from the Central Bank.

Taiwan has neither a sovereign wealth fund nor an asset management bureau.

Corporate Social Responsibility

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The Taiwan authorities actively promote corporate social responsibility, which continues to be a growing concept in Taiwan. The Ministry of Economic Affairs (MOEA) and the Financial Supervisory Commission in particular have issued guidelines on ethical standards and internal control mechanisms in order to help businesses embrace responsibility for the impact of their activities on the environment, consumers, employees, and communities. MOEA also maintains an online newsletter to publicize best practices and raise awareness of the latest CSR-related developments in Taiwan and abroad.

At the corporate level, foreign and local enterprises generally make an effort to follow accepted CSR principles such as the OECD Guidelines for Multinational Enterprises. Publishing regular CSR reports is an increasing trend among businesses, especially high-tech electronics companies. *Global Views Magazine*, one of Taiwan's most influential magazines, has conducted an annual CSR survey since 2005, and has established an annual CSR award to highlight companies that follow internationally-accepted CSR standards and adopt transparent, environmentally conscious, and socially responsible practices. IBM Taiwan, Citibank, Ford, and Intel have been among the 2010 winners.

Political Violence

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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.

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

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 2009. The Public Construction Commission (PCC) publishes all major state procurement projects that require open bidding, in accordance with WTO transparency requirements. In 2008, the PCC submitted to the legislature a bill which would make key changes to the government procurement process which 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 Legislative Yuan on January 10, 2011 passed the following additional GPA amendments: (1) Procurements of technology, information, and professional services can be based on quality (i.e. the most advantageous bids), rather than price; (2) A GP data bank containing a list of awarded tenders exceeding NT\$10 million (US\$350,000) will be established, and; (3) Procurement agencies are required to use model contracts provided by PCC in order to reduce potential disputes.

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

The authorities generally investigate allegations of corruption and take action to penalize corrupt officials. From January to November 2010, prosecutors indicted 1,123 persons on various corruption charges, including 68 senior officials (department director level and above) and 33 elected officials. In September 2010, the Taiwan High Court found 2 incumbent legislators and 6 former legislators guilty of accepting bribes from herbal medicine merchants to push legislation in their favor. In September 2008, former Taiwan president Chen Shui-bian and his wife were convicted on corruption and money laundering charges and sentenced to life in prison. After losing an appeal to the Supreme Court, Chen began serving his 17-year jail term at the Taipei Prison in December 2010.

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\$3.5 million). For those attempting to bribe officials, the maximum penalty is

seven years in prison and a fine of NT\$3 million (US\$105,000). 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 its 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 148 parties to it as of January 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The 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 January 2011, 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 48 member States (47 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 an 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 Anti-bribery 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: 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 29 countries: Argentina, Belize, Burkina Faso, Costa Rica, Dominica, El Salvador, Gambia, Guatemala, Honduras, India, Indonesia, Liberia, Malaysia, Macedonia, Malawi, the Marshall Islands, Nicaragua, Nigeria, Panama, Paraguay, the Philippines, Saudi Arabia, Senegal, Singapore, St. Vincent, Swaziland, Thailand, the United States, and Vietnam.

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

Representatives of the United States and Taiwan signed a bilateral Trade and Investment Framework Agreement (TIFA) in 1994 to serve as the basis for consultations on trade and investment issues. The TIFA talks are ongoing, with the next round expected to occur in 2011.

OPIC and Other Investment Insurance Programs

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

Labor

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Benefiting from the recovery following the global financial crisis in 2008 and 2009, Taiwan's unemployment rate dropped to 4.73% in late 2010, down from 5.85% in 2009. In the industrial sector, the number of blue-collar foreign workers increased from 176,000 in 2009 to 189,000 by October 2010.

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 2005 replaced a voluntary retirement scheme that still covers roughly 30% of the total labor force and permits retirement at age 55 with 15 years of service. Employees hired after July 2005 must join the new system, which sets mandatory retirement at age 65. The new system also requires the employer to contribute six percent of an employee's monthly wage to accounts at designated banking institutions. The accounts follow the employees as they move from one employer to

another. A universal national health insurance system, to which employers must contribute, covers all Taiwan residents.

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

Beginning January 1, 2011, Taiwan's minimum monthly salary increased NT\$600 to NT\$17,880 (US\$615), and the minimum hourly wage rose NT\$3 to NT\$98 (US\$3.37). Monthly manufacturing sector wages in the first nine months of 2010 averaged NT\$ 43,428 (US\$ 1.424) including overtime, allowances, and bonuses. This was 10% higher than monthly wages for the same period in 2009, and reflects Taiwan's gradual recovery from the global recession, during which time many Taiwan businesses implemented leave without pay for employees.

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

Foreign Direct Investment Statistics

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Statistics on foreign direct investment in Taiwan are available from two official sources: the Investment Commission (IC), and the Central Bank of the ROC (Taiwan) (CBT). The IC publishes monthly and yearly foreign investment approval statistics by industry and by country. While these statistics do not correspond exactly to actual commitments of investment funds, AIT believes these data serve as a good proxy. The CBT publishes foreign direct investment arrivals on a quarterly and yearly basis. CBT data contained in balance-of-payments (BOP) statistics are neither further classified by industry nor country.

As of the end of 2009, Taiwan's total stock of foreign direct investment stood at US\$107 billion valued at historical cost. This represents about 28.4% of Taiwan's 2009 GDP. Total FDI inflows for 2009, based on approvals, stood at US\$4.8 billion, or about 1.3% of 2009 GDP.

As of December 2010, Taiwan's foreign exchange reserves amounted to US\$382 billion, the fourth-largest in the world.

After experiencing a negative growth of 1.9% in 2009, Taiwan's GDP expanded rapidly in the first three quarters of 2010. Overall GDP in 2010 is expected to grow by 9.98%, according to official forecasts. Inbound foreign direct investment approved from January to November of 2010 dropped 20% year-on-year.

In recent years, foreign direct investment has shifted from capital-intensive high-tech industries to investments in the financial services sector. Approved direct investment in electronics industries (including electronic parts and components, computers, communications, semiconductor, TFT-LCD and other optical electronic products), which peaked at 47% as a percentage of total FDI in 2006, declined steadily to 20% as of November 2010. Meanwhile, the percentage share for investment in financial services increased to 27% as of November 2010. Nearly 80% of approved inbound direct investment in Taiwan's electronics industries came from the United States, Europe and Japan. More than 70% of approved inbound direct investment in the banking and insurance sector came from the United States, Europe, and British territories in North America.

According to official Taiwan statistics, approvals for U.S. investment from 1952 to 2009 totaled US\$21.3 billion (US\$19.5 billion according to official U.S. figures), or 20% of total foreign investment. These aggregate figures of investment stock are valued at historical cost. Thirty percent of U.S. total investments was directed toward the electronics and electrical industries, and 50% toward the service sector. Approvals for Japanese investment from 1952 to 2009 amounted to US\$16.4 billion, or 15% of total foreign investment, of which 33% was in electronics and electrical industries and another 33% in the service sector.

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 not only benefits from substantial foreign investment but also has significant investments overseas. According to balance-of-payments statistics compiled by the Central Bank, outbound direct investment has exceeded inbound direct investment every year since 1988. According to IC statistics, by 2009, cumulative approvals for outbound investments totaled US\$145.5 billion. The main recipient has been the PRC, which has received over half of Taiwan's outbound investment. Approved investments to China decreased by 30% in 2009 compared to the previous year, when 57% 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.

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 \$6.1 billion in 2009. As a result of this trend, Taiwan factories in China produced slightly over 50% of export orders received by Taiwan companies' headquarters by November 2010, 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: Inward Foreign Investment Approvals by Year and by Area (1952-2009)
(Unit: US\$ million)

Year	U.S.A.	Japan	BTA*	Europe	Hong Kong	Others	Total
1952-89	3,067	2,983	341	1,312	1,198	2,049	10,950
1990	581	839	66	283	236	297	2,302
1991	612	535	60	165	129	277	1,778
1992	220	421	37	165	213	405	1,461
1993	235	278	38	214	169	279	1,213
1994	327	396	76	245	251	336	1,631
1995	1,304	573	151	338	147	412	2,925
1996	489	546	417	198	267	544	2,461
1997	491	854	659	407	237	1,618	4,267
1998	952	540	711	371	275	890	3,739
1999	1,145	514	1,216	462	161	734	4,231
2000	1,329	733	2,300	1,213	271	1,762	7,608
2001	940	685	1,397	1,184	145	778	5,129
2002	600	609	803	612	66	582	3,272
2003	687	726	920	644	45	555	3,576
2004	361	827	897	965	192	710	3,952
2005	804	724	1,094	685	104	817	4,228
2006	883	1,591	1,786	7,510	119	2,080	13,969
2007	3,148	1,000	2,396	7,096	209	1,512	15,361
2008	2,857	440	1,220	2,139	377	1,199	8,232
2009	264	239	1,103	2,085	277	830	4,798
1952-09	21,306	16,052	17,687	28,297	5,088	18,688	107,118

Source: Investment Commission

* British Territories in America

Table 2: Inward Foreign Investment Approvals by Industries (1952-2009)

Industry	Million of US dollars	%
Banking and Insurance	21,691	20.2%
Electronic Parts and Components	15,692	14.7%
Wholesale and Retail Trade	9,773	9.1%
Financial Holding Industry	6,773	6.3%
Computers, Electronic & Optical Products	6,233	5.8%
Electricity Equipments	5,628	5.3%
Information and Communications	5,376	5.0%

Table 3: Outbound Investment Approvals by Year and by Area (1952-2009)
(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
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
2009	6,058	544	1,114	401	947	9,064
1952-09	82,703	22,504	11,783	13,004	15,483	145,477

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 Industries (1952-2009)

Industry	Million of US dollars	%
Banking and Insurance	21,332	34.0%
Financial Holding Industry	7,320	11.7%

Electronic Parts and Components	7,010	11.2%
Wholesale and Retail Trade	4,854	7.7%
Computers, Electronic & Optical Products	2,909	4.6%
Textiles	2,317	3.7%
Information and Communications	1,887	3.0%

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
Hewlett-Packard Taiwan Ltd.	Servers and personal computers
Corning Inc./Corning Glass Taiwan Co., Ltd. GTE-Verizon/ Taiwan Fixed Network Telecom Taiwan Cellular Corp.	Substrate glass for TFT/LCD Fixed-line and mobile phone service
Carlyle Group/ Eastern Technology Ta Chong Commercial Bank	Banking
Ensite Limited (Ford Motor)/Ford Lio Ho Motor Co. Texas Instruments Inc./Texas Instruments Taiwan Ltd.	Autos Semiconductors
E.I. Dupont De Nemours/Dupont Taiwan Ltd.	Industrial, electronic, agricultural goods
IBM Corp./IBM Taiwan Ltd. AETNA Life Insurance Co. Taiwan Branch	Computers: sales & service Insurance
View Sonic Co./Taiwan PCS Network Inc. UPS International/UPS, Taiwan Branch	Mobile phone service 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. GE Consumer Finance/Cosmos Bank	Auto assembly & sales Banking
Jabil Circuit Inc./Taiwan Green Point Enterprise Co. Citibank/Citibank (Taiwan) Bank of Overseas Chinese	Telecom components Banking
Oaktree Capital Management Co./Fu Sheng Industrial Co. Fairchild Semiconductor Co./System General Corp.	Golf club head and compressor Power management products
AIU Insurance Co./Central Insurance Co.	Insurance

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

The Commercial Section of the American Institute in Taiwan (AIT) 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 37 local banks (and their branch offices), six U.S. banks and their branches, and 23 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 2010, Taiwan has a Central Bank, 37 domestic banks (with 3,326 branch offices), and 29 foreign banks (with 98 branch offices). In addition, there are 26 credit cooperatives, 276 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.
Branch Manager: Audrey Chen
15F, No. 1, Song Zhi Road
Taipei, Taiwan
Tel: 886-2-8726-9821
Fax: 886-2-8786-7980
<http://www.citibank.com.tw>

JPMorgan Chase Bank, N.A.
Senior Country Officer: Carl K. Chien
8F, No. 108 XinYi Rd., Sec. 5

Taipei, Taiwan
Tel: 886-2-2725-9800
Fax: 886-2-2725-2988
<http://www.jpmorganchase.com>

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

<http://www.statestreet.com>

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

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

The Bank of New York Mellon
General Manager: James Liu

4F, No. 245 Dun Hwa S. Rd., Sec. 1
Taipei, Taiwan
Tel: 886-2-2771-6612
Fax: 886-2-2771-2640
<http://www.bankofny.com>

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.
Citibank Taiwan Limited
China Trust Commercial Bank
Land Bank of Taiwan
Taishin International Bank
Taiwan Cooperative Bank
Shanghai Commercial & Savings Bank
Cathay United 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.

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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/cc/default.htm>

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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Business Customs

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

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

TIPPING --- In most instances, tipping is not necessary. A 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 2010, there were a total of 1,610 authorized foreign exchange bank branches around the island.

Internationally recognized credit cards are accepted in many hotels, restaurants, and shops. There are about 25,630 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 help non-Chinese speaking foreign guests. The people of Taiwan are generally friendly toward foreigners and often will go out of their way to assist visitors. 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 40 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\$140 plus an additional fee of US\$24. No extension of stay is allowed.
- **VISITOR VISA** --- A Visitor Visa is appropriate for tourism, business, or visiting relatives and may be obtained at a Taiwan representative office abroad. It is usually valid for five years and allows multiple entries for stays of up to ninety days. A holder of sixty or ninety days visas that do not bear the stamp "No Extension Will be Granted" may apply for a maximum of 120- or 90-day extensions at the local city/county police headquarters. A flow chart about Visitor Visa application is available at MOFA Bureau of Consular Affairs website at <http://www.boca.gov.tw>

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

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 be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

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

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. Many networking companies provide broadband Internet services to meet growing domestic demand. Internet cafes can be found in Taiwan's cities and towns, and most hotels in Taipei have internet access in their bedrooms. Facsimiles are also widely used in Taiwan. The main office of the Chunghwa Telecom Co., LTD. (CHT) provides 24-hour facsimile service. Most major hotels and business service centers offer facsimile and electronic mail services. Many convenience stores, such as 7-Eleven, also provide facsimile services.

Transportation

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

AIRPORT PICKUP --- It generally takes about one hour to travel from the Taoyuan airport to Taipei City. Airport buses to Taipei depart from the airport every 20 minutes and tickets cost 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\$34-\$52), 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 a low cost as well.

TAXIS --- Taxis are widely available in Taipei and other major cities. For most cities, a meter is used to calculate the fare. The basic charge is NT\$70 (about US\$2.2) 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 100 seconds 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\$1,490 (US\$46.5). 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 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 four 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 2011
New Year's Day	January 1
Chinese Lunar New Year	February 2-7
Peace Memorial Day	February 28
Children's Day	April 4
Tomb-Sweeping Day	April 5
Dragon Boat Festival	June 7
Mid-Autumn (Moon) Festival	September 12
Double Tenth/National Day	October 10

Temporary Entry of Materials and Personal Belongings

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

- Each person, 20 or over in age, may bring in alcoholic beverages (1,000 cc or less without limitation on the number of bottles), plus 200 cigarettes, or 25 cigars or one pound of tobacco.
- Articles that are already owned and used by the passenger abroad, and their customs value does not exceed NT\$10,000 (about US\$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. More information is available at the website: <http://eweb.customs.gov.tw/ct.asp?xItem=15227&ctNode=6485>

Taiwan uses electric current of 110 volts at 60 cycles, the same as in the United States. Appliances from Europe, Australia or South-East Asia will need an adaptor 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 Commercial Section of the American Institute in Taiwan should contact the office in advance. The Commercial Section can be reached by telephone at 886-2-2720-1550, fax at 886-2-2757-7162, or by e-mail at Taipei.Office.Box@trade.gov

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Chapter 9: Contacts, Market Research and Trade Events

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Contacts

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American Institute in Taiwan (AIT)

Commercial Section
Chief: Helen Hwang
Suite 3207, No. 333 Keelung Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2720-1550 ext. 382
Fax: 886-2-2757-7162
Website: <http://www.buyusa.gov/taiwan>

Agriculture Trade Office
Director: Valerie Brown-Jones
Suite 704, No. 136 Jen Ai Rd., Sec. 3, Taipei, Taiwan
Tel: 886-2-2705-6536 ext. 287
Fax: 886-2-2706-4885
Website: <http://www.ait.org.tw>

Agriculture Section
Chief: Jeffrey Hesse
No. 7, Lane 134, Hsin Yi Rd., Sec. 3, Taipei, Taiwan
Tel: 886-2-2162-2000 ext. 2317
Fax: 886-2-2162-2238
Website: <http://www.ait.org.tw>

Economic Section
Chief: Alan R. Tousignant
No. 7, Lane 134, Hsin Yi Rd., Sec. 3, Taipei, Taiwan
Tel: 886-2-2162-2000 ext. 2374
Fax: 886-2-2162-2240
Website: <http://www.ait.org.tw>

Washington, D.C.-Based Country Contacts

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

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

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

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

Trade or Industry Associations

American Chamber of Commerce in Taipei

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

Importers and Exporters Association of Taipei

Chairman: Kuo Chao Liu
No. 350 Sungchiang Rd., Taipei, Taiwan
Tel: 886-2-2581-3521
Fax: 886-2-2523-8782
Website: <http://www.ieatpe.org.tw>

Chinese National Association of Industry & Commerce

Chairman: Kenneth C.M. Lo
13F, No. 390 FuXing S. Rd., Sec. 1,
Taipei, Taiwan
Tel: 886-2-2707-0111
Fax: 886-2-2707-0977
Website: <http://www.cnaic.org>

US-Taiwan Business Council

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

Taiwan External Trade Development Council (TAITRA)

President and CEO: Yuen-Chuan Chao
5-7F, No. 333 Keelung Rd., Sec. 1,
Taipei, Taiwan
Tel: 886-2-2725-5200
Fax: 886-2-2757-6652
Website: <http://www.taitra.org.tw>

Chinese National Federation of Industries

Chairman: 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 Agencies

Ministry of Economic Affairs (MOEA)

Minister: Shih, Yen-shiang
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: 886-2-2321-0271
Fax: 886-2-2351-7080
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. 50, Ren-Ai Rd., Sec. 1, Taipei,
Taiwan
Tel: 886-2-2349-2900
Fax: 886-2-2349-2491
Website: <http://www.motc.gov.tw>

Council of Agriculture (COA)

Minister: Chen, 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. 36 Tacheng St., Taipei, Taiwan
Tel: 886-2-8590-6666
Fax: 886-2-8590-6051
Website: <http://www.doh.gov.tw>

Environmental Protection Administration
(EPA)
Minister: Shen, 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, Taiwan
Tel: 886-2-2343-1700
Fax: 886-2-2356-0998
Website: <http://www.bsmi.gov.tw>
Small & Medium Enterprise
Administration, MOEA
Director General: Dr. Robert Sun-Quae
Lai
3F, No 95 Roosevelt Rd., Sec. 2, Taipei
Taiwan
Tel: 886-2-2366-2200

Fax: 886-2-2367-3896
Website: <http://www.moeasmea.gov.tw>

Other U.S. Government Contacts

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

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

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

Market Research

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

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

Trade Events

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

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

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

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Chapter 10: Guide to Our Services

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

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

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

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

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: <http://buyusa.gov/taiwan/en>

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

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: Market_Research_Feedback@trade.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.

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