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Taiwan

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Doing Business in Taiwan

- Market Overview
- Market Challenges
- Market Opportunities
- Market Entry Strategy

Market Overview

With a population of 23 million, Taiwan is a thriving democracy, a vibrant market economy, and a highly attractive export market, especially for U.S. firms. In 2016, Taiwan was ranked as the United States' 10th-largest trading partner in goods, placing it ahead of markets such as Italy and Brazil. It was also the 14th-largest U.S. export market overall, and, in 2016, was the seventh largest source of foreign students pursuing higher education in the United States.

In 2016, according to the U.S. Census, exports to Taiwan increased 0.7% to US\$ 26.04 billion. Imports from Taiwan decreased 3.8% to US\$ 39.31 billion. Taiwan ran a trade surplus with the United States of US\$ 13.26 billion dollars in 2016, a decrease of US\$ 1.77 billion over the prior year.

Mainland China is Taiwan's largest trading partner, accounting for 23.07% of total trade and 19.07% of Taiwan's imports in 2016. The United States is Taiwan's second largest trading partner, accounting for 12.15% of total trade. Following the U.S. in terms of overall trade are Japan (11.77%), Hong Kong (7.77%), and South Korea (5.37%).

Taiwan was the world's sixth-largest holder of foreign exchange reserves and gold as of December 2016, with holdings of US\$ 456.9 billion. In 2016, Taiwan's economy had a growth rate of 1.92% and a GDP growth rate of 5.7% compared to 2015. As of February 2017, Taiwan's unemployment is 3.85% and the labor participation rate is 58.75%.

Market Challenges

Taiwan is a sophisticated market in which consumers are plugged into global trends. U.S. products are well represented in the market, as are products from across the region, especially mainland China and other lower-cost producers. Taiwan is a good target market for high-quality, differentiated products and commodity items.

Taiwan is a price-sensitive market, and foreign goods must conform to certain local standards and labeling regulations required for importing products into this market. A local agent or distributor should be able to assist with obtaining the necessary certifications and permits required for importation.

While the intellectual property rights regime has significantly improved in most areas, for many years American firms have expressed concerns about the protection of intellectual property (IP) rights. In particular, IP holders remain apprehensive about the following issues: infringement of copyrighted material on the internet; illegal textbook copying on and around university campuses; and inadequate protection for the packaging, configuration, and outward appearance of products (trade dress). The Taiwan authorities recently passed an improved trade secrets law which addresses an industry call to strengthen penalties for the theft of trade secrets. Taiwan authorities have outlined plans to devote necessary resources to strengthen IP enforcement and recognized the

need for further engagement on intellectual property protection, including in the challenging but critical area of online piracy.

Market Opportunities

The United States and Taiwan have a long-standing and vibrant trade relationship. Taiwan is our 10th largest goods trading partner and a top-10 destination for U.S. agricultural and food exports. U.S. goods and services trade with Taiwan totaled an estimated US\$ 88 billion in 2015.

The Taiwan authorities have strategically identified five industrial areas - Internet of Things technology (Taiwan's "Asian Silicon Valley" project), smart machinery, biochemical & medical care technology, green energy technology, and national defense technology - for upgrading. In addition, the authorities have targeted two likely innovative industries - next generation agriculture and the recycling industry - for industrial development. In addition, to support Taiwan's sustainable development, Taiwan is going to allocate a total budget of around US\$ 30 billion to implement an eight-year (2017-2025) "Forward-Looking Infrastructure Development Program," which includes five targeted areas - green energy, railway development, aquatic environment, digital infrastructure, and rural & urban development.

The Trade and Investment Framework Agreement (TIFA), signed in 1994, provides the primary mechanism for trade dialogue between the United States and Taiwan authorities to expand trade and investment links and deepen cooperation. During the 2016 TIFA meetings, the U.S. authorities welcomed the concrete steps taken by Taiwan after the conclusion of the 2015 TIFA Council meeting to follow through on important commitments related to intellectual property (IP) protection and enforcement. Taiwan authorities also highlighted progress in addressing technical barriers to trade and fostering transparency in matters related to trade and investment. At the meeting, the U.S. authorities pressed Taiwan for expeditious resolution of agricultural trade issues, including removal of longstanding and unwarranted barriers to U.S. beef and pork, which is necessary for any deepening of our trade relationship. In the area of IP protection and enforcement, the TIFA talks took stock of progress on pharmaceutical IP protection and committed to strengthen engagement on Taiwan's intellectual property rights legislation, promoting the use of legitimate educational materials, and on enforcement cooperation. Both sides welcomed the strong exchanges already conducted between the two patent offices and look forward to deepening this cooperation for the benefit of U.S. and Taiwan rights holders and patent applicants. The two sides also pledged to deepen dialogue to streamline time-to-market of medical devices and to improve transparency and procedural fairness in trade and investment matters.

Taiwan's accession to the World Trade Organization (WTO) in 2002 and the WTO Government Procurement Agreement in 2009 led to a dismantling of non-tariff barriers and a general lowering of Taiwan's remaining tariffs. These actions further enhanced U.S. opportunities in this market, including exports of high-value-added components and other inputs for high-tech manufacturing (e.g., petrochemical products and electronic production and test equipment), food and other agricultural products, and "American lifestyle" goods and services sought by Taiwan's affluent population. These range from luxury consumer goods to healthcare products. Taiwan does not require foreign firms to transfer technology, locate in specified areas, or hire a minimum number of local employees as a prerequisite to investment.

On November 1, 2012, Taiwan became the 37th economy to enter the U.S. Visa Waiver Program (VWP). The U.S. VWP enables Taiwan leisure and business travelers to enter the United States for

up to 90 days without a visa once they have received authorization through the Electronic System for Travel Authorization (ESTA). The United States is the top long-haul destination for Taiwan's outbound travelers. In April 2016, the United States and Taiwan signed a joint statement regarding cooperation on an International Expedited Traveler Initiative which will expand the U.S. Customs and Border Protection's Global Entry program.

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

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

For agriculture related products, the best prospects for U.S. exports include beef, cheese, fish & seafood products, fresh fruit, pet food, poultry meats, ready-to-use processed foods/ingredients, softwood & treated lumber, tree nuts, and wine & spirits. For U.S. firms wishing to learn more about the above mentioned best prospect reports, please check Chapter 8 for "Leading Sectors for U.S. Export and Investment."

Market Entry Strategy

Most new-to-market exporters entering Taiwan begin by finding a local partner to serve as an agent, distributor, and/or representative. Agents are the most common partnerships used by foreign firms to gain their initial foothold in Taiwan. The vast majority of Taiwan firms are small- and medium-sized enterprises (SMEs). They are active in trading and manufacturing and offer a large pool of prospective trade partners that can capably represent U.S. companies in Taiwan.

Taiwan's banking and international remittance systems are well developed, and there are no foreign exchange regulations that would significantly hamper a U.S. exporter from receiving payment for goods shipped and services provided. Irrevocable letters of credit (L/Cs) are widely used and L/Cs from leading Taiwan financial institutions are usually confirmed by U.S. banks.

Political Environment

Political 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](#).

Selling US Products & Services

- Using an Agent or Distributor
- Establishing an Office
- Franchising
- Direct Marketing
- Joint Ventures/Licensing
- Selling to the Government
- Distribution and Sales Channels
- Express Delivery
- Selling Factors/Techniques
- E-Commerce
- Trade Promotion and Advertising
- Pricing
- Sales Service/Customer Support
- Protecting Your Intellectual Property
- IP Resources
- Due Diligence
- Local Professional Services
- Principal Business Associations
- Limitations on selling US products and services
- Selling U.S. Products and Services Web Resources

Using an Agent to Sell US Products and Services

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

The American Institute in Taiwan's (AIT) Commercial Section provides a number of services to help U.S. firms, large and small, export their goods and services to Taiwan. Through our office in Taipei (covering northern and central Taiwan) and a branch office in Kaohsiung (covering southern Taiwan), we offer a variety of resources and services that include business matchmaking services, product launches, market research, agent distributor searches, commercial advocacy, trade missions, trade shows, and due diligence checks on potential business partners to assist U.S. companies to enter the Taiwan market. AIT Commercial Section contact details are:

Tel: 886-2-2720-1550,

Fax: 886-2-2757-7162,

Email: office.taipei@trade.gov.

More information.

The first step is to identify the most appropriate AIT Commercial Section service, and a local U.S. Department of Commerce office, called a U.S. Export Assistance Center, can be of assistance. A comprehensive list of U.S. Export Assistance Centers (USEAC) located across the United States can be found at: [U.S. Export Assistance Centers \(USEAC\)](#).

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

Establishing an Office

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

The Ministry of Economic Affairs (MOEA) website has information on investing and setting up a company in Taiwan (Click on “English” in the far right corner of the home page.).

The AIT Commercial Section maintains an online listing of local professional service providers, including local attorneys, accountants, consultants, and other professionals.

Franchising

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

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

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

Direct Marketing

Multi-level marketing has become a popular second job for many professionals in Taiwan and the sales revenue per sales person ranked fourth in the world. Recent figures indicate that more than

2.76 million people out of a total population of about 23 million people work for multi-level sales businesses in Taiwan. These businesses specialize in healthcare, skin care products, and household items.

Joint Ventures/Licensing

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

Selling to the Government

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

- Public contracts valued at over US\$ 194,000 for goods and services and approximately US\$ 7.45 million for construction services.
- State-level government contracts valued at over US\$ 296,000 for goods and services and US\$ 7.45 million for construction services.
- 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\$ 7.45 million.
-

According to Taiwan's Public Construction Commission, in 2015, foreign firms won 552 contracts under GPA worth a total of about US\$2.0 billion. U.S. firms won 237 contracts with a total value of US\$537 million. Most of the procuring entities were public agencies and state owned enterprises, hospitals, and universities. Advanced laboratory instrumentation & testing devices, equipment for power generation & environmental controls, specialty chemicals such as additives and catalysts, equipment for aviation controls, equipment for atmospheric monitoring, and advanced medical devices can be considered best prospect areas for U.S. firms that are interested in selling to Taiwan.

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

U.S. exporters are encouraged to visit [the Commercial Service Taiwan's GPA website](#).

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project *Financing*" Section in "*Trade and Project Financing*" for more information.

Distribution & Sales Channels

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

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

Express Delivery

Airline Freight (Taiwan) Corp.

1F, No.8, Lane 389, Sec.5, Nanking E. Rd., Taipei 105, Taiwan

Tel: 886-2-27647711 Fax: 886-2-2769-2558/2760-6868

Dachain Express

No.129, Xintai St., Nanzi Dist., Kaohsiung City 81147, Taiwan
Tel: 886-7-363-6010 Fax: 886-7-363-6030

DHL Taiwan Corporation

12F., No.82, Sec.2, Jianguo N. Rd., Zhongshan Dist., Taipei City 10416, Taiwan
Tel: 886-2-2503-6858 Fax: 886-2-2505-0768

Federal Express Corporation

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

UPS International Inc. -Taiwan

2F., No.361, Danan Rd., Shilin Dist., Taipei City 11161, Taiwan
Tel: 886-2-2883-3868 Fax: 886-2-2880-9498

Selling Factors & Techniques

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

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

E-commerce

Overview

The e-commerce market in Taiwan has grown at a rapid pace over the past few years, with a market size of US\$37.6 billion in 2016, and a 5-year average growth rate of 10-20%. It is predicted that Taiwan's online retail platforms will eventually overtake sales in physical retail stores, accounting for more than half of the multi-billion dollar retail sector. Taiwan's e-commerce penetration rate is one of the highest in the world, which naturally entails a large market of sophisticated consumers who are familiar with global trends. As the e-commerce market in Taiwan continues to develop, consumption trends amongst online shoppers shift simultaneously. Whereas the initial advantage of e-commerce was to provide better access to foreign trends unavailable in Taiwan's traditional retail market, Taiwan users of e-commerce platforms have come to value convenience over accessibility within the past several years. Though clothing and apparel are still the most purchased products, online consumption of basic household necessities has increased, as has the demand for expedient delivery. The evolution of e-commerce consumer trends has led to an expansion of potential opportunities to meet growing demand.

Internet Penetration Rate

By 2016, 84.8% of Taiwan's population had Internet access. The majority of Taiwan Internet users log on using a mobile phone (68.8%), personal computer (56.3%), notebook (22.4%), or tablet PC (17%).

Current Market Trends

The Taiwan e-commerce market currently includes a wide range of products bought and sold online. These include, in no particular order:

- Apparel and Accessories
- Travel Packages, Hotels, and Flights
- Shoes, Bags and Collectibles
- Groceries
- Computers and Accessories
- Household Products
- Beauty and Skin Care
- Foods
- Mother and Baby
- Computer/Videogames

E-commerce legislation is also continuously being drafted and amended in Taiwan to better facilitate and regulate this growing industry. An Electronic Signatures Act was passed in 2001, which is modeled on UN standards and recognizes electronic signatures by certification authorities. The Consumer Protection Act, passed in 2005, allows consumers to return goods they find to be unsatisfactory within a seven day window. Distance and online selling are included in this law. Most recently, the Act Governing Electronic Payment Institutions, detailed in the Online Payment section of this guide, was implemented in 2015. While other countries have been aggressively pursuing innovative new fintech services, Taiwan's financial industry has been more conservative in its approach. Rather than emphasizing the benefits that fintech can bring, Taiwan regulators have shown more concern over ways to manage the risks. The Financial Supervisory Commission (FSC) has indicated it would prioritize implementing a regulatory sandbox to promote experimentation with innovative technology in the financial sector to speed up development of new services.

Amendments to the Value-Added Tax (VAT) regulations under the business tax law were proposed in August 2016 which would require foreign e-commerce providers that sell their products in Taiwan to pay VAT. Under the previous regulations, the service purchaser in Taiwan was required to pay the 5% VAT. The threshold for payment of this tax was NT\$3,000 and any purchase below that amount was exempt. Taiwan's Ministry of Finance has decided to amend the business tax law to shift the tax burden to foreign e-commerce providers of goods and services. Amendments include an expansion of the definition of a business entity to include those e-commerce operators without a fixed place of business in Taiwan, a reduction of the NT\$3,000 tax threshold, and penalties for taxpayers who fail to file a VAT return and pay VAT. The NT\$3,000 tax threshold will be reduced to NT\$2,000 starting in September, 2017. And frequent import buyers are required to pay customs duty as of July 1, 2017. More specifically, frequent is defined as more than six mailings to the same person or address within a set six-month period, from January 1 to June 30 or July 1 to December 31. In addition, the application for tax registration must be submitted prior to the launch of a foreign e-commerce provider's operations in Taiwan, as long as its annual sales exceed NT\$480,000. These changes to Taiwan's business tax law were discussed in six public forums during July and August 2016, and have been implemented as of May 1, 2017.

Taiwan's e-commerce market has a comprehensive infrastructure, consisting of policies like those mentioned above, as well as network financial, distribution, and credit systems. The major participants in the market are suppliers and brand owners, e-commerce platforms, such as PCHome and Momo, and the consumers. Facilitating the transactions are Taiwan's money flow service providers, including banks and other financial institutions, and distribution service providers. These include the island's many courier companies and the postal service. Recent changes in Taiwan's e-commerce ecosystem include incorporating live broadcast promotion on social media, expanding service and payment options, as well as adopting the idea of using big data and artificial intelligence to combine e-commerce platforms with traditional retail outlets.

Domestic e-commerce (B2C)

Taiwan's e-merchants are generally small-scale operations, and in order to keep costs down, 81.6% run their business on e-commerce shopping platforms, rather than maintaining their own website. These platforms include the PCHome, Yahoo! Kimo, Momo, and Rakuten online malls.

Taiwan consumers purchase a wide variety of products when shopping with local e-commerce platforms, but clothing and accessories (20.5%), food products (20%), and beauty and skin care (17.8%) are the categories that top the list. Other popular items include computers and electronics (14.9%), furniture (14.1%), and household products (12.6%).

Cross-Border e-commerce

A 2016 Google consumer survey found that 17% of Taiwan consumers admitted to buying goods online from international sources that year. The most popular products purchased online from overseas include clothing and accessories, computer and electronic products, books, cosmetics and basic necessities.

Taiwan online shoppers most actively shop cross-borders in:

- China (72.7%)
- Japan (40.4%)
- United States (22.9%)
- South Korea (12.8%)

Language barriers, shipping costs, and proliferation of a country's brand names are all factors in Taiwan's cross-border e-commerce consumer trends. The biggest barriers to cross-border sales from the e-merchants perspective are customs, warehousing and tax issues, as well as the lack of strong cross-border e-commerce infrastructure.

B2B e-commerce

Taiwan has a robust B2B e-commerce environment, with two major e-commerce resources run by the Taiwan External Trade Development Council (TAITRA). TaiwanTrade is an e-commerce portal that allows businesses to find and match with suppliers, manufacturers and distributors. iDealEZ Online Marketplace is a platform that allows businesses to buy small quantity or sample items directly from the supplier. B2B e-commerce is most developed in the IT, chemical and textile industries due to programs initiated during the early 2000s.

E-commerce Services

Distribution services in Taiwan have been efficiently developed to account for all types of lifestyles. Beyond home delivery, consumers may have their purchases shipped for pick-up at any of the

prolific convenience stores in Taiwan. Taiwan shoppers prize convenience, information, and affordability when shopping online. Seventy-seven percent considered shopping online convenience, 69% read product reviews online prior to purchase, and 52% believed that online stores offered better deals than physical retailers. Convenience stores in Taiwan operate 24/7 and thus provide the flexibility for working consumers to retrieve their deliveries.

For small- and medium-sized businesses looking to conduct B2C e-commerce in Taiwan, the platforms for opening an online store are convenient, attract a large customer traffic flow, and offer a range of services, including marketing tools and logistical resources.

E-commerce Intellectual Property Rights

Taiwan is currently not a member of the World Intellectual Property Organization (WIPO) but adheres to key international agreements as the Berne Convention and the Agreement on Trade-related Aspects of Intellectual Property Rights (IPR). Due to Taiwan's significant advances in maintaining IPR, the Office of the U.S. Trade Representative removed Taiwan from the Special 301 Watch List in 2009.

Popular e-commerce Sites

- B2B Websites:
 - TaiwanTrade
 - TaiwanTrade iDealEZ
- B2C/B2B2C Websites:
 - PChome
 - Momoshop
 - PayEasy
 - UDN Shopping
 - GOHAPPY
 - Taobao.com
 - Ruten.com
 - Rakuten Ichiba Taiwan
 - Yahoo! Taiwan
- O2O Websites
 - Gomaji
 - Groupon
 - 17Life

Online Payment

Online shoppers in Taiwan have several options of payment for their e-Commerce purchases (not ranked in any particular order):

- Online credit card use
- Payment at convenience stores
- Payment on delivery
- Online banking payments
- Placing credit card orders by fax
- Bank transfer / Wire transfer
- Mobile payments

The Marketing Intelligence and Consulting Institute (MIC), a Taiwan-based market research firm, reported that in 2016, 75.7% of consumers used credit card as their preferred method of online

payment. This was followed by convenience store pickup at 66.4%, a more than 20% increase since 2014. Another popular option is ATM bank transfers.

In response to the growing importance of online payment methods, the Taiwan Act Governing Electronic Payment Institutions was introduced in January 2015. Its purpose is to define and regulate electronic payment institutions (EPI), increase trust in this form of payment by implementing stringent qualifications and restrictions on EPIs, and to prevent money-laundering schemes and other misuse of these resources.

Mobile e-commerce

Taiwan has the highest smartphone user penetration of any country tracked in 2016. A 2016 Nielson report noted that 31% of Taiwanese respondents claimed they used their mobile device to purchase a good, while 31% also made a purchase of a service within the past half year. Considering the rapid growth of e-commerce in Taiwan, mobile e-commerce is likely to continue to expand as well. One of the main obstacles to this expansion is reluctance by Taiwan consumers to pay using mobile devices, preferring instead to use cash.

Digital Marketing

Social media, primarily Facebook and the messaging app Line, is used as the primary online marketing outlet in Taiwan. In 2016, MIC reported that the top five channels most often used to purchase online consumer goods are portal sites like Yahoo (44.1%), Facebook (39.9%), TV commercials (38.2%), promotions from internet celebrities (21.2%), and the messaging app Line (17.4%). A number of local and international public relations firms based in Taiwan also help businesses promote their products or services online.

Major Buying Holidays

Taiwan does not have major buying holidays, but the major department stores have annual sales events during the fall season. These events see crowds of proportions similar to Black Friday in the United States.

Social Media

Based on social media use in countries with national populations of 50,000 or more people, Taiwan in 2016 had the highest social media penetration globally at 77%. Taiwan also leads in Facebook and Twitter penetration with a rate of 67%.

Social media has become extremely important to marketing products sold online in Taiwan. Facebook is the preferred method of digital marketing, with 63.4% of online vendors choosing to use it as a major marketing tool. This is due to the low cost of promoting through Facebook and the ability to reach a broad audience through the social media platform. E-merchants also highly depend upon word-of-mouth recommendations, which spread quickly on Facebook, to generate traffic.

Trade Promotion & Advertising

Taiwan businesses are active in the global marketplace. They read trade journals from the United States, Europe, and Japan, participate in major international trade events, and are well aware of current trends in their industries. There are local trade shows for most major industries, and the

Taiwan External Trade Development Council (TAITRA) is either the organizer or co-organizer for many of these shows, primarily in conjunction with relevant industry associations.

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

Information on trade shows in Taiwan is available on [TAITRA's website](#). TAITRA also offers several lists, including a frequently updated calendar for international conferences and trade exhibitions held at the Taipei World Trade Center and Nangang Exhibition Center. [TAITRA-sponsored trade shows](#). Most trade exhibitions in Taiwan are export-oriented, and many include a significant number of foreign exhibitors.

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

- [Commercial Times](#)
- [Economic Daily News](#)
- [Business Weekly](#)
- [Commonwealth](#)
- [Management Magazine](#)
- [Director of Taiwan](#)

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

AIT's Commercial Section offers the Featured U.S. Exporters (FUSE), Business Service Provider (BSP), and Single Company Promotion (SCP) services to help U.S. companies promote their products and services in Taiwan. AIT's Commercial Section organizes U.S. Pavilions in a variety of industry shows in Taiwan and promotes several conferences in Taiwan recruiting U.S. company participants. AIT's Commercial Section also recruits and leads Taiwan buyer delegations to major U.S. trade shows under the auspices of the U.S. Department of Commerce's International Buyer Program. With this program, Taiwan buyers are introduced to U.S. exhibitors at these shows in the United States. For further details, please see the [AIT Commercial Section website](#).

Pricing

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

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

Sales Service/Customer Support

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

Protecting Intellectual Property

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

Patent registrations are generally awarded on a first-to-file basis. Similarly, registering trademarks is based on a first-to-file principle, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Taiwan market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Taiwan. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Taiwan law. The U.S. Commercial Service can provide a [list of local lawyers upon request](#).

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken fundamental steps necessary to securing and enforcing their IP in a timely fashion. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Projects and sales in Taiwan require constant attention.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and

stop counterfeiting. There are a number of these organizations, both Taiwan and U.S.-based. These include:

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

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on [Protecting Intellectual Property](#) and also [Corruption](#).

IP Attaché Contact for Taiwan:

Name: Michael Mangelson (U. S. Patent and Trademark Office, U. S. Consulate General Shanghai)

Address: Shanghai Centre, East Tower, Suite 631, 1376 Nanjing Road West, Shanghai 200040

Telephone: +86-21-6279-8558; Fax: +86-21-6279-7870

E-mail: Michael.Mangelson@trade.gov

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 United States and other countries -- call the **STOP!** Hotline: 1-866-999-HALT.
- For more information about registering trademarks and patents (both in the United States 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 United States, contact the [U.S. Copyright Office](#) at: 1-202-707-5959.
- More information on [obtaining and enforcing intellectual property rights and market-specific IP Toolkits](#). The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

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

Beijing, China

Joel Blank

joel.blank@trade.gov

Guangzhou, China

Danielle Zheng

Danielle.zheng@trade.gov

Shanghai, China

Michael Mangelson

michael.mangelson@trade.gov

Due Diligence

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

Local attorneys, accountants and trade/industry associations can be excellent sources of information.

The AIT Commercial Section offers the International Company Profile (ICP) service to help U.S. firms with due diligence in Taiwan. Click here for [further details](#).

Local Professional Services

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

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

Up-to-date lists of professional firms may be obtained from the [American Chamber of Commerce in Taipei](#) by e-mail: amcham@amcham.com.tw.

In addition, the AIT Commercial Section maintains an [online listing of local professional service providers](#), including local attorneys, accountants, consultants, and other professionals.

Principal Business Associations

American Institute in Taiwan (AIT)

Commercial Section

Chief: Ireas Cook

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

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

Fax: 886-2-2757-7162

Agriculture Trade Office

Director: Chris Frederick

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

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

Fax: 886-2-2706-4885

Agriculture Section

Chief: Andrew Anderson- Sprecher

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

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

Fax: 886-2-2162-2238

Economic Section

Chief: Jeffrey Horwitz

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

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

Fax: 886-2-2162-2240

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

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

U.S. Department of Commerce

US & Foreign Commercial Service, East/Asia Pacific

Office Director: Laurie Farris

Room 3009, 14th and Constitution Ave. NW, Washington, D.C. 20230

Tel: 202-482-0423; Fax: 202-501-6165

U.S. Department of Commerce

International Trade Administration
Market Access and Compliance
Desk Officers: Simon Kim and Darla Brown
Room 2328
14th and Constitution Ave. NW, Washington, D.C. 20230
Tel: 202-482-2611

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

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

Importers and Exporters Association of Taipei

Chairman: John C.T. Huang
No. 350 Sungchiang Rd., Taipei, Taiwan
Tel: 886-2-2581-3521
Fax: 886-2-2523-8782

Chinese National Association of Industry & Commerce

Chairman: Lin, Por-Fong
13F, No. 390 Fuxing S. Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2707-0111
Fax: 886-2-2707-0977

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

Taiwan External Trade Development Council (TAITRA)

Chairman: Huang, Chih-Fang (James)
5-7F, No. 333 Keelung Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2725-5200
Fax: 886-2-2757-6652

Chinese National Federation of Industries

Chairman: Hsu, Sheng-hsiung
12F, No. 390 Fuxing S. Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2703-3500

Fax: 886-2-2705-8317

Chinese International Economic Cooperation Association

7F, No.85, Sec.4, Bade Rd., Songshan Dist., Taipei City 10561, Taiwan

Tel: 886-2-2528-8833

Fax: 886-5-2742-5342

Chinese National Association of Industry and Commerce, Taiwan

13F, No. 390, Sec.1, Fuxing S Rd., Taipei 10656, Taiwan

Tel: 886-2-2707-0111

Fax: 886-2-2707-0977

Chinese National Export Enterprises Association

6F, No.285, Sec.3, Nanjing E. Rd., Songshan Dist., Taipei City 10550, Taiwan

Tel: 886-2-2713-6920; 886-2-2712-9525

Fax: 886-2-2713-0115; 886-2-2545-1668

Confederation of Asia-pacific Chambers of Commerce and Industry (CACCI)

14F, No.11, Songgao Rd., Xinyi Dist., Taipei City 11073, Taiwan

Tel: 886-2-2725-5563/4

Fax: 886-2-2725-5665

General Chamber of Commerce of the R.O.C.

6F, No. 390, Sec. 1, Fuxing S. Rd., Da-an Dist., Taipei City 10656, Taiwan

Tel: 886-2-2701-2671

Fax: 886-2-2755-5493

International Trade Association of R.O.C.

12F.-1, No.125, Sec.3, Roosevelt Rd., Da an Dist., Taipei City 10647, Taiwan

Tel: 886-2-8369-5907

Taiwan Agencies

Ministry of Economic Affairs (MOEA)

Minister: Lee, Chih-Kung

No. 15 Fuzhou St., Taipei, Taiwan

Tel: 886-2-2321-2200

Fax: 886-2-2391-9398

Ministry of Finance (MOF)

Minister: Sheu, Yu-Jer
No. 2 Aiguo W. Rd., Taipei, Taiwan
Tel: 886-2-2322-8000
Fax: 886-2-2356-8774

Board of Foreign Trade (BOFT), MOEA

Director General: Yang, Jen-Ni
No. 1 Hukou St., Taipei, Taiwan
Tel: 886-2-2321-0271
Fax: 886-2-2351-7080

Financial Supervisory Commission (FSC)

Chairman: Ding, Kung-Wha
18F, No. 7 Sianmin Blvd., Sec. 2, Banciao City, Taipei County, Taiwan
Tel: 886-2-8968-0899
Fax: 886-2-8968-1215

Ministry of Transportation and Communications (MOTC)

Minister: Hochen, Tan
No. 50, Renai Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2349-2900
Fax: 886-2-2349-2491

Council of Agriculture (COA)

Minister: Tsao, Chi-Hung
No. 37 Nanhai Rd., Taipei, Taiwan
Tel: 886-2-2381-2991
Fax: 886-2-2331-0341

Ministry of Health and Welfare (MOHW)

Minister: Chen, Shih-chung
No. 36 Tacheng St., Taipei, Taiwan
Tel: 886-2-8590-6666
Fax: 886-2-8590-6051

Environmental Protection Administration (EPA)

Minister: Lee, Ying-Yuan
No. 83 Zhonghua Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2311-7722
Fax: 886-2-2311-6071

Bureau of Standards, Metrology and Inspection (BSMI), MOEA

Director General: Liu, Ming-chung
No. 4 Jinan Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2343-1700
Fax: 886-2-2356-0998

Small & Medium Enterprise Administration, MOEA

Director General: Yeh, Yun-lung
3F, No 95 Roosevelt Rd., Sec. 2, Taipei Taiwan
Tel: 886-2-2366-2200
Fax: 886-2-2367-3896

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

Export-Import Bank of the United States

811 Vermont Avenue, N.W.
Washington, D.C. 20571
Tel: 202-565-3910
Fax: 202-565-3930

Overseas Private Investment Corporation

1100 New York Avenue, NW
Washington, D.C. 20527
Tel: 202-336-8400
Fax: 202-336-7949

Limitations on Selling US Products and Services

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

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

Tel: +886-2-23431700
Fax: +886-2-23560998

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

method for assessing compliance. Exporters are urged to consult closely with their importers and with the Bureau of Standards, Metrology, and Inspection concerning specific requirements for their products.

WTO Technical Barriers to Trade Agreement: Taiwan must adhere to the WTO's Agreement on Technical Barriers to Trade, which prohibits the use of WTO member countries' national product standards and certification systems as impediments to trade. Central governments must ensure that their respective local government and nongovernmental standards-making bodies adhere to the principles of the agreement and must notify to the WTO any new or proposed standards. The TBT Agreement covers standards for all products, including agricultural, industrial, and consumer goods, as well as production and processing methods and conformity assessment procedures.

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

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

Additional information on foreign standards also is available to firms in the United States through the American National Standards Institute. Click [here](#) for further information about individual industries.

Web Resources

- [Ministry of Economic Affairs.](#)
- [Board of Foreign Trade, MOEA.](#)
- [Investment Commission, MOEA](#) (click on "English" in the far top right corner).
- [National Information & Communications Initiative, Executive Yuan.](#)
- [National Tax Administration, MOF.](#)
- [The Fair Trade Commission, Executive Yuan.](#)
- [Taiwan Intellectual Property Office, MOEA.](#)

Leading Sectors for US Exports & Investments

Commercial Sectors

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

Agricultural Sectors

- Beef
- Cheese
- Coffee
- Fresh Fruit
- Pet Food
- Poultry Meats
- Tree Nuts
- Wine & Spirits

Computer Services & Software (CSV/CSF)

Overview

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

Unit: USD thousands

	2014	2015	2016	2017 (Estimated)
Total Market Size	\$6,171,570	\$5,921,800	\$6,272,800	\$6,905,600
Total Local Production	5,189,600	5,072,700	5,359,600	5,900,000
Total Exports	1,118,030	1,092,900	1,104,800	1,216,600
Total Imports	2,100,000	1,942,000	2,018,000	2,222,200
Imports from the U.S.	1,678,190	1,640,400	1,750,000	1,777,800
Exchange Rate: 1 USD	31.72	33.10	32.28	29.90(e)

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Research Report of Information Industry Institute, MOEA

Total Imports: Report of Information Industry Institute, MOEA

Imports from U.S.: Unofficial estimates

Sub-Sector Best Prospects

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

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

Opportunities

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

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

In early 2017, Taiwan initiated a new model of economic development focusing on innovation, employment, and distribution, with the intent to shift Taiwan's economy from an "efficiency-driven" to an "innovation-driven" model. The new industrial program is focused on five verticals: "Asian Silicon Valley (entrepreneurship, innovation and IoT development); smart Machinery (automation); biopharmaceuticals; green energy; and defense industries. The plan was later extended to include the "circular economy" (recycling and new materials) and high-value agriculture. These programs are intended to lay the foundation for Taiwan's future innovation economy and to help industry keep up with next-generation global industrial trends. It should be noted that this initiative will also attempt to drive development of Taiwan's indigenous software industry.

Taiwan's Cybersecurity Management Act is scheduled to be sent to the Legislative Yuan for review in mid-2017. Protection of institutions like government departments (both central and local), public organizations, and critical information infrastructure in Taiwan will be included in this Act. The Taiwan authorities have announced a special budget of approximately US\$46.8millions (NT\$1.4billion) per year from 2017 to 2020 that will support both central and local authorities in improving Taiwan's overall cybersecurity environment.

Attending trade shows is one of the most effective ways to create international sales opportunities. In 2017, the following computer hardware and software related products and services trade shows will be in Taipei, Taiwan:

COMPUTEX Taipei, May 30-June 3, 2017.

Web Resources

- Board of Science and Technology, Executive Yuan.
- Information Service Industry Association of R.O.C.

- Institute for Information Industry (III).
- Industrial Technology Research Institute (ITRI).
- Market Intelligence & Consulting Institute.
- National Center for Cyber Security Technology, Executive Yuan.
- Taiwan Electrical and Electronics Manufacturers' Association.
- Taipei Computer Association.

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

Education

Overview

	2014	2015	2016	2017 (Estimated)
Total Number of Taiwan Students Studying in the U.S.	21,266	20,993	21,127	21,641
Total Number of New Student Visas Issued to Taiwan Students	14,713	14,566	15,018	15,300
Financial Contribution of Taiwan Students to the U.S. Economy (Unit: USD Million)	663	657	664	681
Exchange Rate: 1 USD	31.72	33.10	32.28	29.90

Source:

1. IIE Open doors 2016 Report
2. State Department 2016 Non-immigrant Statistics
3. NAFSA's Economic Analysis for 2015-2016 Academic Year
4. Exchange rates provided by Central Bank of China

According to IIE the Institute of International Education (IIE) Open Doors Report, in the 2015/16 academic year, 21,127 students from Taiwan were studying in the United States (up 0.6% from the previous year). This increase is very encouraging as the number of Taiwan students going to the U.S. had been in decline over the preceding eight years. Taiwan is the seventh leading source for students coming to the United States. The following illustrates the distribution of Taiwan students in the United States, with the majority studying at the graduate level: 30.1% undergraduate, 43.4% graduate students, 7.5% other, and 19.0% OPT (Optional Practical Training).

Taiwan's education landscape is currently undergoing a major overhaul to address overcapacity in the higher education sector and the gap between higher education and the job market. This trend is due to the increasing number of graduates that face difficulties in finding jobs in their discipline. Consequentially, the unemployment rate of university graduates is the highest among all levels of education, reaching close to 5%. Taiwan's higher education system is also facing a steep decline in the birthrate. It is estimated that by 2023, the number of college entrants will be 184,000, down from 271,108 in 2013. This 32% decline is a major concern, as it could lead to a shortage of labor in the future workforce and the forced closure of many higher education institutions. In response to the looming social and educational crisis, Taiwan's Ministry of Education (MOE) formed a Higher Education Innovation and Transformation Task Force in January 2016 to take a more aggressive position in overseeing the forming of alliances among higher education institutions. The task force is also in charge of fostering collaboration between domestic and foreign universities that will encourage the establishment of experimental branch campuses, independent colleges, or certificate programs and courses. So far, MOE has approved nine in-country joint programs between Taiwan and foreign universities, including four from the United States. MOE hopes to introduce international curricula, faculty, and other high-quality educational resources to help attract students from neighboring countries to pursue their studies in Taiwan.

With the low birth rate, more Taiwan students are going to the United States to study at a younger age. With complications created by recent changes in the local high school and college entrance requirements, some parents prefer to send children abroad at a younger age to give them a wider range of options in the future. This can be seen by the growing popularity of U.S. youth summer camps, as well as the increase in the number of bilingual international schools that have been established in Taiwan to prepare local students to study in foreign universities. CS Taiwan has been supporting the Association of Boarding Schools (TABS) Fair for the past decade. There has been demonstrable growth in the number of U.S. exhibitors as well as families attending the fair for the past few years. In addition, based on the IIE's Open Doors report for the past five years, the percentage of Taiwan students studying in the United States at the undergraduate level has risen significantly, from 24.8% in 2010 to 28.9%. Since many of these students will remain in the United States for graduate-level studies, the economic contribution of Taiwan students will last longer and their affiliation with the United States will be even stronger. These indicators point in the direction of continued growth in the high school and undergraduate market segments.

Taiwan has more than 55,000 students going abroad each year for degree, exchange, language and working holiday programs. Traditionally, the major foreign recruiters are from English-speaking countries such as the UK, Australia, Canada and New Zealand. In recent years, neighboring Asian countries and territories such as Hong Kong, China and Singapore are also becoming very active in recruiting Taiwan students or partnering with Taiwan schools. Going abroad to study is now more of a consumer's choice, with students becoming savvier and selecting programs that offer the best value for the time and money spent.

Taiwan is a stable and mature market for U.S. educational institutions. Domestic supply of higher education institutions has also reached a saturation point. Employability is one of the main factors students take into consideration when choosing a school, so career development or internship programs are becoming increasingly popular. Therefore, it is advisable for U.S. schools to emphasize affordability and post-graduation job placement to attract Taiwan students. U.S. schools should pursue deeper partnerships with Taiwan institutions for student and scholarly exchanges or joint degree programs to maintain their leading position. Engaging with student recruitment agencies, developing active alumni networks, and reaching out to potential students through fairs and social media are all recommended strategies.

EDUCATION IT

Another area worth mentioning is the growing interest of innovative approaches in learning in the education sector. Educators are increasingly embracing education information technology (IT) as they see it as a good way to extend educational resources to a broader audience, and to design more personalized learning curricula. Game-based learning has become increasingly popular among teachers at all levels so companies are seeking opportunities in supplying the technology and content. One area that has widely utilized education IT is language learning, since there is a huge population learning foreign languages in Taiwan and being able to create personalized lesson plans on mobile devices is very important for teachers. CS Taiwan believes the education IT sector will grow significantly in the next few years.

Sub-Sectors Best Prospects

- Degree programs in business, engineering, computer sciences, health care, education and arts;
- Programs containing work or internship component;

- Pathway or bridge programs;
- Joint degree programs with local universities;
- High Schools and Boarding Schools;
- Education IT

Opportunities

Partnership with local schools is a long-term strategy for U.S. schools when recruiting Taiwan students for joint degree programs or short-term summer programs. In addition, many Taiwan universities have established Mandarin language centers to educate foreign students. U.S. schools should consider increasing cultural and language exchanges with Taiwan schools. CS Taiwan can help U.S. schools connect with local universities or high schools for collaboration.

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

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

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

Web Resources

- [Taiwan Ministry of Education Website.](#)
- [Oh! Study Education Center Website.](#)
- [USEAS Study World.](#)
- [American International Education Foundation \(AIEF\) Website.](#)
- [Top MBA Tour Website.](#)
- [MBA Tour Website.](#)
- [The Association of Boarding Schools Fair \(TABS\) Website.](#)

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.](#)

Electric Power Equipment (ELP) & Energy

Overview

Taiwan relies on imports for more than 99% of its energy needs. The Renewable Energy Act was passed in 2009 to promote alternative energy sources such as hydropower, wind, geothermal, and solar. However, traditional energy sources such as coal, natural gas, and nuclear power still dominate, accounting for more than 78% of the energy supply. Currently, Taiwan primarily imports coal from Australia and Indonesia. Natural gas is imported as liquefied natural gas (LNG) and is sourced largely from the Middle East and Southeast Asian countries. The United States and South Africa provide Taiwan its uranium fuel rod supplies. In response to public concerns about nuclear safety following the Fukushima disaster, Taiwan has indefinitely suspended the commissioning and commercial operation of the fourth nuclear (Lungmen) power plant. Taiwan's energy policy is designed to maintain a well-mixed portfolio of energy sources to balance energy costs, energy sufficiency, and environmental protection.

The state-owned Taiwan Power Company (TPC) is Taiwan's largest power utility company and sole owner and operator of Taiwan's island-wide transmission and distribution network. The TPC, under the supervision of Taiwan's Bureau of Energy, Ministry of Economic Affairs, has been working to create the ideal balance of different power sources (see table below) and fuel cost in order to maximize the company's operational profit and minimize its environmental impact. Clean coal technology, especially post-combustion emission treatment and control measures, and offshore wind power are anticipated to be the best opportunities to participate in TPC's procurement.

Unit: USD thousands

Electric Power Equipment Market	2014	2015	2016	2017 (Estimated)
Total Market Size	\$2,210,285	\$2,332,388	\$2,124,457	\$2,483,726
Total Local Production	5,554,323	5,609,866	5,338,642	5,687,654
Total Exports	8,663,805	8,750,443	8,327,379	8,493,927
Total Imports	5,319,767	5,472,965	5,113,194	5,289,999
Imports from the U.S.	798,651	806,638	767,638	782,991
Exchange Rate: 1 USD	31.72	33.10	32.28	29.90

Fuel Type	Gross Power Generation (MWH)	%
Coal	88,182	33.4
LNG	82,916	31.4
Nuclear	31,661	12.0
Cogeneration	38,456	14.6

Hydro	9,853	3.7
Oil	10,448	4.0
Wind Power	1,445	0.5
Solar	1,132	0.4

Source: Bureau of Energy, Ministry of Economic Affairs, Taiwan (2016)

Taiwan has planned to denuclearize its energy industry by 2025, and to increase the portion of its supply of renewable energy up to 20% by the same year. The most promising renewable energy sources are solar power and wind power. The goal is to increase solar power capacity, on-land wind power capacity, and offshore wind power capacity to 20GW, 1.2GW, and 3GW, respectively. Southern Taiwan in particular has significant natural solar energy potential. For example, southern Taiwan receives more than 2,000 sunshine hours per year on average, as compared to the 1,400 sunshine hours per year in the northern part of Taiwan.

Taiwan has authorities have designated Tainan, a city in southern Taiwan, as the hub for renewable energy development. Taiwan’s Ministry of Science and Technology is planning to invest US\$ 500 million to build the “Shalun Green Energy Science City” in Tainan. The main purpose of this science city will be research and development, and demonstration. There is a solar industry cluster of several leading solar cell manufacturers in the adjacent Tainan Science Park which are expected to play a significant role in the development of renewable energy in Taiwan.

Sub-Sectors Best Prospects

- Grid connection technology and equipment for renewable energy
- Clean coal technologies such as Integrated Gasification Combined Cycle (IGCC)
- Emission control products such as CO₂ sequestration technology
- Renewable energy and energy efficiency products
- Natural gas and shale gas
- Digital electric meters
- Steam turbines, hydraulic turbines, and gas turbines for power plants
- Electrical equipment for switching, protecting, or connecting electrical circuits (for example: switches, relays, fuses, surge suppressors, plugs, sockets, lamp-holders, junction boxes), for voltage not exceeding 1,000 volts
- Electrical transformers, static converters (for example, rectifiers), and inductors
- Electric (including electrically heated gas) lasers or other light or photon beams; ultrasonic and electron beams; magnetic pulse or plasma arc soldering, brazing or welding machines and equipment (whether or not capable of cutting); electric machines and equipment for hot spraying of metals
- Electric motors and generators (excluding generating sets)
- Smart Grid technology and products
- Low sulfur content coal

Opportunities

Taiwan's Government Procurement Act (GPA) took effect in May 1999. It requires all government procurement entities and state-owned companies to publicize any procurements with value over NT\$1 million (US\$30,000) on the [Taiwan authorities' e-procurement website](#). Any company, including a foreign company, with bidding interest can go to this website to find tender information released by the state-owned Taiwan Power Company.

The Taiwan Power Company and the two privately owned power utilities, the Formosa Group (Mailou Plant) and the Taiwan Cement Group (Hoping Plant), have expressed interest in technology and equipment that can help their coal-fired and oil-fired power plants increase power generation efficiency.

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

The solar photovoltaic (PV) sector in Taiwan is well-developed and competitive. Taiwan is the world's second largest solar cell manufacturing base after China. However, most Taiwan solar cell manufactures export their products to overseas solar panel manufacturers, which in turn sell the panels to developers or contractors to build solar power generation facilities. This is one of the main reasons, as seen in figures published by Taiwan's Bureau of Energy, why Taiwan's solar power generation installed capacity only accounted for about 2.5% of Taiwan's total installed power capacity in 2016. Taiwan has authorities have announced their intention to utilize 1,253 hectares of farmland which are no longer suitable for farming, along with 1,019 hectares of salt flats to build solar power generation facilities. At the same time, per Taiwan's amended Electricity Act, private firms are now allowed to own and operate power generation businesses. These changes provide opportunities for U.S. firms looking for business opportunities to enter Taiwan's solar power market. U.S. firms are suggested to partner with local renewable energy companies for better business successes.

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

Web Resources

- [Public Construction Commission](#)
- [Ministry of Economic Affairs \(MOEA\)](#)
- [Taiwan Power Company \(Taipower\)](#)

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 [here](#).

Semiconductor Manufacturing Equipment

Overview

Taiwan has consistently been a stronghold of global semiconductor manufacturing. According to the Industrial Technology Research Institute's Industrial Economics and Knowledge Center (IEK), Taiwan's semiconductor production grew over 7.2 percent to US\$77 billion in 2016 when compared to 2015 levels, representing 23 percent of the total global market and about 13 percent of Taiwan's GDP. Taiwan held onto the second place in the world, second only to the United States. Market forecasts for the 2017 semiconductor market project 7-8 percent growth.

Taiwan semiconductor firms are continuing to expand and upgrade advanced processing technologies and operations. These huge projects boost the demand for manufacturing equipment and materials. According to the Semiconductor Equipment and Material International (SEMI), Taiwan's capital equipment market reached over US\$12.3 billion in 2016, which again made Taiwan the largest semiconductor manufacturing equipment market in the world for the fifth year in a row. The growth was fueled in large part by TSMC for ramp-up of 16 nanometer (nm) production and impending transition to 10nm manufacturing, and Micron's expansion of 20nm and 18nmv capacity.

Taiwan is relatively weak in equipment manufacturing and so relies heavily on imports to meet its demand. U.S. and Japanese companies dominate the Taiwan market, with additional competition from the Netherlands and Germany. U.S. semiconductor manufacturing equipment suppliers already have considerable success in Taiwan, capturing around 35-40 percent of Taiwan's imports market. There are a variety of export opportunities for U.S. suppliers in the following market sectors: chemical vapor deposition systems, grinding, polishing and lapping machines. The market for inspection and measurement instruments for semiconductor wafer applications will continue to be promising. There will be ongoing demand for etching equipment for oxide film, metal and protective film etching purposes. Local sales of high current ion implanters are expected to grow steadily. The outlook for memory testers, which account for the largest proportion of the sales of testing equipment, will be bright as well. Other products which appear to have good sales potential in the Taiwan market are diffusion furnaces, steppers, photo-resist processing equipment, sputters, cleaning systems, wafer probing machines, material handling systems, and chemical mechanical polishing equipment.

Unit: USD thousands

	2014	2015	2016	2017 (Estimated)
Total Market Size	9,400,000	9,630,000	8,760,000	9,500,000
Total Local Production	2,570,000	2,633,753	2,400,000	2,601,600
Total Exports	1,030	1,055	955	1,035
Total Imports	6,829,000	6,997,320	6,367,560	6,902,435
Imports from the U.S.	1,874,511	1,920,606	1,747,751	1,894,562
Exchange Rate: 1 USD	31.72	33.10	32.28	29.90

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

Sub-Sectors Best Prospects

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

Competition

Currently, Taiwan has insufficient technical capacity to invest in R & D for semiconductor front-end processing equipment, but has great potential to develop advanced packaging equipment for back-end processing. In recent years, the Taiwan authorities have been pushing semiconductor equipment industry localization to sustain the Taiwan semiconductor industry's growth.

Japanese firms are very competitive in cleaning room equipment, furnaces & ovens, and automated transport, handling and storage machines. Japanese firms with a strong position in the Taiwan market include TEL (all lines), Nikon (steppers), Cannon (steppers), Kaijo (wafer cleaners), Sumitomo (chemical materials) and Hitachi (inspection and measurement instruments) and Japanese companies supplied about 50 percent of the steeper market. Other Japanese firms seen in the domestic market are DNS (wafer cleaners & developers), Ulvac (PVDs & vacuum machines) and Kokusai (low pressure CVDs).

Taiwan is a participant in the WTO's Information Technology Agreement and expansion; therefore, there are no significant tariff or non-tariff barriers to United States exports in these sectors.

2017 Trade Shows/Events in Taiwan:

- [SEMICON Taiwan 2017](#), September 13-15, 2017
- [Taipei International Electronics Show](#), Taitronics 2017, October 9 - 12, 2017
- [Taiwan International Photovoltaic Forum & Exhibition](#), October 11 - 13, 2017

Web Resources

- [Industrial Development Bureau, MOEA](#)
- [Industrial Technology Research Institute \(ITRI\)](#)
- [International Trade Administration, ITA](#)
- [SEMI](#)
- [Taiwan Semiconductor Industry Association](#)

- [Taiwan Electrical and Electronics Manufacturers' Association](#)

United States firms wishing to learn more about the electronics industry production and test equipment sector and seeking to expand their export sales to Taiwan are encouraged to contact the United States Commercial Service (CS) Taiwan Commercial Specialist t Rita Chen at Rita.Chen@trade.gov or visit the [Export.gov Taiwan webpage](#).

Franchising

Overview

With renewed economic growth and the transformation of Taiwan's industrial structure, the service sector contributes nearly 70% of Taiwan's GDP, making service industries a primary focus of economic development. At the end of 2015, Taiwan had a total of 3,100 chain and franchise brands. With a combined total of 148,000 outlets between them, these chain and franchise brands were operating in over 110 different industries including retail, food and beverage, and other services. Taiwan leads the world in terms of both the number of chain and franchise brands as well as the number of chain and franchise brand outlets.

Foreign franchises are well received in Taiwan and the United States is by far the largest supplier of foreign franchises on the island. The food and beverage franchise market in Taiwan is the most saturated and competitive. Local competition is fierce and the prospects even for global franchise brands are limited to top well-known brands.

Examples of U.S. franchise concepts active in Taiwan include McDonald's (over 400 stores), Starbucks (over 400 stores), KFC (over 135 stores), Burger King (over 20 stores), Domino's Pizza (over 130 stores), and Pizza Hut (over 210 stores). New-to-market brands such as Dairy Queen, Quizno's Sub, Krispy Kreme, and Jamba Juice also have recently started expanding into Taiwan. Overall, U.S. franchise firms are perceived positively, especially those with a well-known brand name.

Unit: USD thousands

	2014	2015	2016	2017 (Estimated)
Total Market Size	\$33,333,000	\$39,999,000	\$41,998,000	\$44,098,000
Exchange Rate: 1 USD	31.72	33.10	32.28	29.90

Total market size = (total local production + imports) - exports

Data Source: Taiwan Chain Stores and Franchise Association

Sub-Sector Best Prospects

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

Positive branding, competitive products and services, comprehensive training programs, good systems and processes, and strong franchisor-franchisee communication are vitally important for long-term franchising success.

Real estate prices are very high in Taiwan, particularly in Taipei. Franchisees in Taiwan have encountered challenges with negotiating reasonable rent price and lease duration with local landlords. Taiwan enjoys high standards of living and well-developed infrastructure. While the cost for rent is relatively high, other costs such as wages and utilities are relatively low.

Opportunities

In Taiwan, business ownership is revered. Signing on as a franchise with a strong brand name is attractive to many Taiwan entrepreneurs seeking to break into the fastest-growing segment of Taiwan's retail industry. For many entrepreneurs, franchising offers a higher chance of success and progress can be faster than starting one's own business concept. A growing number of Taiwan entrepreneurs are investing their future in franchise operations, which makes Taiwan an attractive market for franchisors. Also, over the past few years, local Taiwan companies have increasingly used the franchising route to expand their businesses within Taiwan and overseas, with many companies owning one or multiple franchise concepts. Convenience stores, tea and coffee shops, and food and beverage chains continue to find strong interest in Taiwan. Other popular franchise operations include: health and drug stores, spa services, organic products, language schools, hair salons, real estate brokerage services, apparel stores, shoe stores, and sporting goods stores.

With the introduction of international QSR (Quick Service Restaurant) concepts since the 1980's, Taiwan consumers have been exposed to western food and beverage trends via various outlets. Renowned high class or luxury U.S. brands have particularly strong market potential in Taiwan since brand value is important to Taiwan customers.

Similar to other mature franchise markets, all franchise systems in Taiwan are obliged to act in accordance with the Taiwan legal framework for business enterprises. There are no major obstacles to starting a franchising business in Taiwan.

Challenges

Food and beverage concepts, however, may be easily copied and reproduced to more closely align with local tastes. Taiwan companies have been successful in developing and operating western style F&B concepts; therefore, unless a U.S. brand is very successful and well-recognized in metropolitan areas in the U.S., it is difficult to introduce the concept in Taiwan. Even as internationally well-known franchises attract long queues of customers at the onset, some companies find it challenging to maintain the initial surge of popularity.

Local Taiwan franchising brands tend to invest heavily in marketing and promotion. Therefore, local franchisees may also desire some level of control over the marketing and presentation of the brand. However with most large U.S. franchises, the control of the brand remains securely in the corporate franchisor's hands. Most U.S. franchises use international standards and are not as flexible in making adjustments to customize for the Taiwan market. Standardized franchise fees and royalty fees for U.S. franchises are also not flexible, and are considered expensive by Taiwan standards. These conditions can present challenges to persuade local investors to invest in a foreign brand, when they feel they don't have enough partnership commitment from the franchisor.

A variety of franchise arrangements exist in Taiwan, ranging from shared joint venture partnerships to models in which stores are managed and operated by a master franchisee or a regionally based conglomerate. The method of entry for foreign franchises ranges from appointing direct franchisees to establishing a corporate office in Taiwan.

There are major retailers who have access to capital and other resources and further have current and/or previous experience operating local or international brand concepts in Taiwan. Potentially partnering with these first tier local entities may be valuable, given the cyclical and competitive dynamics of the relevant industry in the local market.

Web Resources

- Ministry of Economic Affairs
- Board of Foreign Trade, MOEA
- Taiwan Chain Stores and Franchise Association
- Association of Chain and Franchise Promotion, Taiwan
- Association of Service Industries, Taiwan

U.S. firms wishing to learn more about the franchising market and expanding U.S. export opportunities to Taiwan are encouraged to contact Commercial Specialist Mei Mei Wang via meimei.wang@trade.gov or visit [the website](#).

Household Consumer Goods (HCG)

Overview

With an increasing demand for quality products and an enjoyable shopping environment, the concept of using modern retail channels such as department stores, supermarkets, hypermarkets, and e-commerce platforms for purchases of household consumer goods has been widely adopted by consumers in Taiwan. Taiwan consumers are sophisticated and they closely follow global trends. The market scale of household consumer goods in Taiwan has remained at around US\$1.6 billion over the past three years. With growing interest in high quality household consumer goods by local consumers, the import market is expected to increase for the next two to three years, especially for high-end products. In 2016, the value of imports from the United States was US\$5.2 million, accounting for about 1.1% of the total import market. For high quality products, the industry is projected to have a growth of imports from the U.S. of about 3 percent to 5 percent over the next two years. In Taiwan, the U.S. remains one of the major suppliers of high-end imported household consumer goods, such as vacuum cleaners, washing machines, water filters, air purifiers, refrigerators, household essentials, blenders, food processors, and other housewares.

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

Unit: USD thousands

	2014	2015	2016	2017 (Estimated)
Total Market Size	\$1,627,392	\$1,595,940	\$1,706,222	\$1,721,906
Total Local Production	1,758,951	1,693,886	1,703,202	1,718,871
Total Exports	531,366	505,505	481,929	484,338
Total Imports	400,916	407,559	484,949	487,373
Imports from the U.S.	4,212	5,418	5,286	5,312
Exchange Rate: 1 USD	31.72	33.1	32.28	29.9

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

Data Sources:

Total Local Production: Department of Statistics, Ministry of Economic Affairs
Total Exports: Bureau of Foreign Trade, Ministry of Economic Affairs
Total Imports: Bureau of Foreign Trade, Ministry of Economic Affairs
Imports from U.S.: Bureau of Foreign Trade, Ministry of Economic Affairs

Sub-Sector Best Prospects

- High-end kitchen utilities such as dish washing machines, blenders, cooking ware, coffee makers, food processors, mixers, ovens, refrigerators;
- Household high-end electric appliances, such as vacuum cleaners, automatic washing machines with both washing and drying functions, water filters, electric air filters and purifiers;
- Household essentials, such as laundry products, cleaning sanitary agents;
- Household furnishings such as carpets.

Opportunities

With the continuously growing demand for interesting lifestyles and better living standards, more and more local consumers are willing to increase their expendable budget on household consumer goods to create a more enjoyable living environment. Taiwan is a viable market for high-quality and differentiated household consumer goods. Steady sales growth in high-end retailing channels in the past five years have shown that local consumers believe that U.S. products provide good design and high quality. Since the market for the low- to medium-end of household consumer goods has been intensely competitive and dominated by local and Asian vendors, U.S. suppliers of household consumer goods should target the high-end market. Taipei, Taichung, and Kaohsiung are the top three major metropolitan areas in Taiwan. With high population densities and an average family income approaching US\$ 35,265 per year, these cities are the centers of Taiwan's retail market. To enter the Taiwan market, U.S. suppliers should consider designating a capable agent or distributor with a well-established network to major retail channels. It is a key factor for success.

E-commerce in Taiwan has grown strongly, recording double-digit growth in sales in recent years. With an internet penetration rate approaching 80%, Taiwan is a ripe market for continued e-commerce growth with revenues reaching US\$ 37 billion in 2016. Taiwan also holds among the highest mobile penetration and smartphone rates in the region. There are projections that Taiwan's online retail space will eventually outperform traditional retail stores. Retailers are increasingly focused on improving their online offerings, including raising security and delivery standards. Online and TV shopping have become popular retail sales channels in Taiwan. Business to consumer (B2C) online shopping is expanding robustly, and reached US\$ 21.3 billion in 2016, 15.14% more than 2015. B2C business continues to account for the largest proportion of direct marketing sales. Young people aged 20-39 are the main customers for online shopping.

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

CS Taiwan has collaborated with local retailers of major department stores and hypermarkets in organizing “America Weeks” events to promote U.S. consumer goods in Taiwan. From June 30 to July 10, 2016, CS Taipei partnered with one of the largest department store chains, Far Eastern Department Store Corporation (FEDS), to promote “America Weeks” for 11 days at three major FEDS department stores throughout Taiwan. FEDS indicated that the promotions attracted over two million shoppers. The America Weeks retail promotions are an excellent venue for U.S. suppliers and their Taiwan representatives to participate in order to enhance their brand image, generate sales, and expand market share in the Taiwan market. CS Taiwan will continue partnering with Taiwan's popular retailers, seeking opportunities on behalf of interested U.S. companies to promote U.S. household consumer goods.

The U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and locate agents/distributors worldwide. Visit the U.S. Commercial Service website. To obtain the services provided by the U.S. Commercial Service, please visit the [U.S. Commercial Service website](#).

Challenges

Food and beverage concepts, however, may be easily copied and reproduced to more closely align with local tastes. Taiwan companies have been successful in developing and operating western style F&B concepts; therefore, unless a U.S. brand is very successful and well-recognized in metropolitan areas in the U.S., it is difficult to introduce the concept in Taiwan. Even as internationally well-known franchises attract long queues of customers at the onset, some companies find it challenging to maintain the initial surge of popularity.

Local Taiwan franchising brands tend to invest heavily in marketing and promotion. Therefore, local franchisees may also desire some level of control over the marketing and presentation of the brand. However with most large U.S. franchises, the control of the brand remains securely in the corporate franchisor's hands. Most U.S. franchises use international standards and are not as flexible in making adjustments to customize for the Taiwan market. Standardized franchise fees and royalty fees for U.S. franchises are also not flexible and expensive by Taiwan standards. These conditions can present challenges to persuade local investors to invest in a foreign brand, when they feel they don't have enough partnership commitment from the franchisor.

A variety of franchise arrangements exist in Taiwan, ranging from shared joint venture partnerships to models in which stores are managed and operated by a master franchisee or a regionally based conglomerate. The method of entry for foreign franchises ranges from appointing direct franchisees to establishing a corporate office in Taiwan.

Web Resources

- [Board of Foreign Trade, MOEA](#)
- [Department of Statistics, MOEA](#)
- [Directorate-General of Customs, MOF](#)
- [National Statistics, Taiwan](#)
- [Industrial Technology Research Institute](#)
- [Institute for Information Industry](#)

U.S. firms seeking more information on the household consumer goods market in Taiwan, please contact Shan Shan Tsai, Commercial Assistant at Commercial Section of American Institute in Taiwan, at shanshan.tsai@trade.gov, or visit [the website](#).

Medical Devices

Overview

With a population growth rate of 0.25%, approximately 13% of Taiwan's population in 2015 was over the age of 65. This percentage of the senior population is more than double that of 1984. The Ministry of Health and Welfare (MOHW) reports indicate that Taiwan's population will continue to grow up until the year 2021, along with an increase in the population of seniors. As a result, the National Health Expenditure (NHE) program should continue to increase. In 2014, Taiwan's health expenditure was 6.3% of gross domestic product (GDP) and is expected to grow annually at a rate of 4.8%, putting further strain on healthcare expenditures in the coming years. This trend, however, is not merely driven by an aging population, but also by the slowing rate of economic growth, a universal healthcare coverage system and an increasing prevalence of chronic disease. About 62% of Taiwan's healthcare expenditures are funded by the public sector, with the remaining 38% covered by out-of-pocket private spending. Taiwan also had one of the highest per capita healthcare spending trends in the Asia Pacific region at US\$2,546 per person in 2014, a third of the per capita consumption in the United States.

In 1995, Taiwan launched the National Health Insurance (NHI) program, and has provided high standard universal health coverage (99.9% of the population) through a single payer system ever since. Taiwan is home to more than 20,000 primary and 500 secondary care units, many of which are small, privately owned clinics. In 2016, approximately 93% of all health care facilities were contracted by the National Health Insurance (NHI) system to provide healthcare service. Beginning in 2013, Taiwan's NHI entered its second-generation phase, which focuses on applying internet, cloud and other information technologies to the system to optimize use and efficiency. Many of the more advanced medical devices are too expensive for the NHI system to reimburse their users. In this case, a self-pay category is utilized, especially for items such as coronary stents, artificial ceramic hip joints, artificial intraocular lenses and metal-on-metal artificial hip joints.

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

Generally, the following documents are required by Taiwan authorities for medical devices shipments, regardless of content or method of shipping: commercial invoice, certificate of origin, packing list, pro forma invoice, and bill of lading. Additionally, medical devices also require a free sale certificate. The free sale certificate for medical devices may be obtained from the U.S. Food and Drug Administration's Center for Devices and Radiological Health.

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

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

Must be labeled with the product name, license number, name and address of the manufacturer printed in Chinese;

Manufacturing date and/or expiration date (the dates do not need to be in Chinese);

The Chinese product name cannot be in a smaller print than the foreign product name.

The regulatory bodies for medical devices are Division of Medical Devices and Cosmetics under Taiwan Food and Drug Administration (TFDA).

Unit: USD thousands

	2014	2015	2016	2017 (Estimated)
Total Market Size	3,374,870	3,471,945	4,720,457	5,937,202
Total Local Production	2,723,833	2,788,519	3,051,425	3,488,294
Total Exports	862,564	861,367	1,724,129 ^e	1,758,612
Total Imports	1,513,601	1,544,793	3,393,161 ^e	3,474,597
Imports from the U.S.	353,539	362,274	370,401	379,291
Exchange Rate: 1 USD	31.72	33.10	32.28	29.90

Total Market Size = Total Local Production + Total Imports - Total Exports

Data Sources:

Total Local Production: Estimates by Taiwan Industrial Economics & Knowledge Center (IEK)

Total Exports: Customs Administration, Taiwan Ministry of Finance

Total Imports: Customs Administration, Taiwan Ministry of Finance

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

Sub-Sector Best Prospects

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

Opportunities

- Growing elderly population and increasing National Health Expenditure (NHE) funding: Taiwan's population reached an estimated 23.49 million in 2015, with approximately 13% of the population over the age of 65. That percentage is more than double that of 1984. The MOHW reports indicated that Taiwan's population will continue to grow up until the year 2021 along with an increase in the population of seniors.
- High import demand over high-tech end market: approximately 70% of the medical device market is supplied by imports especially at the high-tech end of the market. The imported advanced medical devices are generally from the United States, EU, Japan, and mainland China with the trend remaining strong.
- Access to Asia market: As living standards rise, there is increased demand for medical care in Asia. Taiwan is within the transportation hub of the Asia-Pacific region, which makes Taiwan an ideal location for entering the emerging markets of Asia, especially to mainland China.

Web Resources

- [U.S. Census Bureau](#)
- [Taiwan Ministry of Health and Welfare](#)
- [Taiwan Food and Drug Administration](#)
- [Taiwan National Health Insurance Administration](#)
- [Taiwan Ministry of Economic Affairs \(MOEA\)](#)
- [Customs Administration, Taiwan Ministry of Finance](#)
- [Business Monitor International \(BMI\) Research](#)

U.S. firms wishing to learn more about Taiwan's medical devices market, as well expanding U.S. export opportunities to Taiwan are encouraged to contact CS Taipei Specialist Evan Gao at evan.gao@trade.gov or visit [our website](#).

Pleasure Boats (PLB)

Overview

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

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

Unit: USD thousands

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

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

Data Sources:

Total Local Production: Industry Statistics

Total Exports: Industry Statistics

Total Imports: Industry Statistics

Imports from U.S.: Industry Statistics

Sub-Sector Best Prospects

- Engines and Generators
- Steering Control Systems
- Air Conditioning Systems
- Vacuum and Marine Toilet Systems
- Sprinkler Systems
- Stabilizers
- Bow and Stern Thrusters
- Paint
- Water Makers
- Hi-Test Chain
- PVC Foam
- Search Lights
- Other Deck Hardware
- Yachts under 100 feet in length
- Opportunities

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

Web Resources

- [Taiwan Yacht Industry Association, TYIA](#)
- [Ship and Ocean Industries R&D Center](#)

U.S. firms wishing to learn more about the pleasure boats/accessories market and expanding U.S. export opportunities to Taiwan at the trade show mentioned above are encouraged to contact AIT Commercial Section Kaohsiung Commercial Assistant Daphne Fan at daphne.fan@trade.gov or visit [our website](#).

Pollution Control Equipment (POL)

Overview

Since 1980's, Taiwan has developed comprehensive sets of laws and regulations to address all the environmental protection issues for the air, water, and soil environmental sectors. In 2011, Taiwan's Environmental Protection Administration (EPA) announced more stringent standards for discharged waste water and emitted air pollutants. Since then, Taiwan's 10,000 manufacturing plants in the island's 66 industrial zones and three science parks have been required to procure and install the needed equipment to comply with the new standards. In 2011, Taiwan also passed the Indoor Air Quality Act that requires all public used buildings and transportation vehicles to be equipped with air quality detecting and monitoring devices.

Unit: USD thousands

Pollution Control Equipment	2014	2015	2016	2017 (Estimated)
Total Market Size	\$749,525	\$757,020	\$701,929	\$719,323
Total Local Production	524,843	530,091	514,552	530,225
Total Exports	541,844	547,262	733,701	588,832
Total Imports	766,526	774,191	921,078	777,930
Imports from the U.S.	183,617	185,453	197,035	198,992
Exchange Rate: 1 USD	31.72	33.10	32.28	29.90

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Statistical Department, MOEA

Total Imports: Statistical Department, MOEA

Imports from U.S.: Statistical Department, MOEA

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

Sub-Sector Best Prospects

- Air quality and greenhouse gas monitoring and reduction equipment
- Ultra-pure water equipment
- Process water recycling/reuse equipment
- Precious heavy metal extraction and separation technology
- Advanced wastewater treatment technologies
- Polluted soil rehabilitation technology
- Post-combustion emission waste gas treatment equipment

Opportunities

The Taiwan authorities started to address climate change by passing and implementing the Greenhouse Gas Reduction Act in 2015. According to the Act, Taiwan will endeavor to reduce its greenhouse gas emissions to levels recorded in 2000 by the year 2025. The market demand for greenhouse gas monitoring and reduction technologies and equipment will continue to increase in the upcoming years. As Taiwan retains its major high-tech manufacturing base for electronics and electrical equipment, advanced pollution control equipment and technologies, such as those that treat acids, alkalis and toxic materials, will continue to be in great demand.

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

Taiwan is one of the world's leading manufacturing bases of Information & Communication Technology (ICT) devices and equipment. Taiwan's central and local governments are currently endeavoring to promote Smart City initiatives by widely applying ICT and Internet of Things (IoT) technology. Environmental monitoring and control devices and equipment with real-time data transmission capabilities will be procured by government entities and publicly-owned utilities to form a communication data network. This will provide data management for the purpose of sustainable and efficient operations. For example, Taiwan's EPA is starting to renew Taiwan's 50 more island-wide air monitoring stations to provide real-time air quality information for levels of PM 10, PM 2.5, and other atmospheric gases.

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

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

- [May 8-11, 2017, Ernest N. Morial Convention Center](#) (New Orleans, LA)
- [American Water Works Association \(AWWA\) ACE 17](#), June 11-14, Pennsylvania Convention Center, Philadelphia
- [Taiwan Green Industry Show \(TiGiS\)](#), October 18-20, 2017, Taipei, Taiwan. TiGiS is Taiwan's largest green industry exhibition featuring clean energy, environmental protection, and water technology. The U.S. Pavilion is the best platform for a participating U.S. company to exhibit their products to the interested business partners and end user buyers. During the trade show, AIT Commercial Section can also arrange Single Company Promotion (SCP) seminars for the U.S. Pavilion participants in order to further promote their products and services.

Web Resources

- [Environmental Protection Administration \(EPA\)](#), Executive Yuan

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

Telecommunication Equipment (TEL/TES)

Overview

In terms of new technologies, smartphone, broadband, and wireless chips represent the major trends in Taiwan's telecom industry. The Taiwan telecom industry is currently focusing on network flow management, deployment of virtual and heterogeneous networks, and integrated services. Also, Taiwan's fixed-network carriers, mobile operators, and broadcasters (terrestrial TV, radio and CATV networks) are upgrading their network infrastructure to increase their market competitiveness.

Taiwan informally stopped supporting Worldwide Interoperability for Microwave Access (WiMax) after the Intel Taiwan WiMax Program Office closed in June 2010. The Taiwan authorities have shifted the focus to Long Term Evolution (LTE) 4G technology, which is a standard supported by the world's major telecom equipment and service providers. Following global trends, Taiwan is also keen on becoming involved in developments related to the upcoming 5G standard.

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

Unit: USD thousands

	2014	2015	2016	2017 (estimated)
Total Market Size	\$3,736,090	\$3,645,450	\$3,727,600	\$4,104,800
Total Local Production	8,405,560	8,216,200	8,706,100	9,584,000
Total Exports	7,421,670	7,254,500	7,686,800	8,464,600
Total Imports	2,752,200	2,683,750	2,708,300	2,982,400
Imports from the U.S.	255,360	258,310	281,700	310,200
Exchange Rate: 1 USD	31.72	33.10	32.28	29.9 (e)

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

Data Sources:

Total Local Production: Institute for Information Industry, III

Total Exports: Directorate General of Customs, MOF

Total Imports: Directorate General of Customs, MOF

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

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

Sub-Sector Best Prospects

- 4G Long Term Evolution (LTE)
- Audio Production Equipment for Broadcast and Television
- Broadcast and Television Transmitters
- Broadcast and Television Antennas
- Broadcast Codec
- Broadcast Master Control Equipment

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

Opportunities

Though the estimated global 4G subscriber growth rate is about 27%, Taiwan's major telecommunications companies' revenues are negatively affected by the quickly increasing internet penetration rate. People more frequently use free communication apps to communicate instead of making phone calls. Local telcos are starting to rely more on video content and internet mobile advertising, making the Over the Top (OTT) broadcasting video market more competitive. New broadcasting-related apps help consumers screen their content and increase search efficiency. Along with the commercialization of Narrowband Internet of Things (NB-IoT), a growing number of applications have been and will be applied to different fixed-point networks. These applications include those related to smart transportation (smart parking) and smart energy (smart water meters). Mobility, positioning, and tracking service applications, such as those involving kid/pet safety, logistics and transportation, and vehicle tracking, among others, are also becoming more prevalent.

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

Following steps taken by Europe, China and Korea, Taiwan's Executive Yuan announced 2014 as the launch year for 5G and the plan to invest US\$400 million in the mobile telecom industry over a period of six years. Plans are underway to build a 5G lab network, and establish the Taiwan Communication Standards Association (TCSA) with 5G being commercialized between 2018 and 2025. In reaction to the progress in the mobile speed of IoT, many local cities have prioritized "Smart City" projects in their city plans. In addition to several local smart city-related alliances and organizations that assist localities in their Smart City related tenders/projects, AIT also collaborated with the National Development Council in organizing a Smart City Working Group in April 2017. This group includes both U.S. and Taiwan companies and its purpose is to provide updated smart technologies to local cities in order to realize their Smart City goals.

Because mobile 3G licenses will expire by the end of 2018, the National Communications Commission will hold Taiwan's 3rd 3G broadband auction before December 2017 to give local mobile carriers sufficient time to develop their broadband infrastructure. The bandwidths to be auctioned are 2100MHz and 1800MHz; these will be used for 4G mobile broadband construction. The goals of these new bandwidths include upgrading internet speed and improving internet application services, such as long distance medical care, home security, mobile payment, and online learning. The estimated total auction amount will be around US\$ 2 billion. This new bandwidth release is also expected to increase demand for telecommunications equipment.

Participating in major trade shows is one of the most efficient ways to generate international sales. The National Association of Broadcasters Show 2017 (NAB) is one of the 10 largest trade shows in North America. NAB provides the world's largest comprehensive gathering of television, radio, film, video, audio and multimedia professionals. The show will be held from April 22-27, 2017 in Las Vegas, Nevada. CS Taiwan will recruit a Taiwan buyer delegation to attend NAB, which is supported by the U.S. Department of Commerce's International Buyer Program. Detailed information about the show is available at [the website](#).

Web Resources

- [Executive Yuan](#)
- [Institute for Information Industry \(III\)](#)
- [Industry Technology Research Institute \(ITRI\)](#)
- [Market Intelligence & Consulting Institute](#)
- [Ministry of Economic Affairs \(MOEA\)](#)
- [National Communications Commission \(NCC\)](#)

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 [here](#).

Travel and Tourism (TRM)

Overview

The United States is the top long-haul destination for Taiwan's outbound travelers. According to the National Travel and Tourism Office with the U.S. Department of Commerce, during 2016 over 463,200 Taiwan visitors visited the U.S., where they spent US \$2.23 billion on travel and tourism goods. Taiwan was designated for participation in the visa-waiver program by the United States in 2012. Taiwan is one of only seven economies in the Asia Pacific region and one of 38 worldwide to enjoy visa free travel to the United States. Now that most Taiwan travelers coming to the United States for tourism or business no longer require a nonimmigrant visa, travel to the United States has increased dramatically and continues to grow at a strong rate.

In April 2016, the U.S. and Taiwan signed a joint statement regarding cooperation on an International Expedited Traveler Initiative which will expand the U.S. Customs and Border Protection's Global Entry program. The Global Entry program will allow expedited clearance for pre-approved, low-risk travelers upon arrival in the United States.

For the people of Taiwan, outbound travel is a vital part of the trade-oriented economy as well as a trendy form of leisure. Additionally, Taiwan's GDP per capita is one of the highest in Asia at approximately US \$22,600. As such, an increasing share of the population has the means to seek and enjoy leisure travel abroad. The significant outbound tourist market is supported by over 50% of Taiwan's 23 million people who go abroad each year for business, education, and vacation.

Taiwan's population shares a perspective of the United States as an international melting pot that attracts a large number of immigrants who bring their own culture and cuisine to the country. Each of these features gives the United States its own special charm that differentiates it from all the other countries. Along with the vigorous development of business activities between the United States and Taiwan, the tourism industry has room to grow as a result of the increased growth of the MICE (Meeting, Incentive, Conference, and Exhibition) industry trend. All-inclusive guided group package tours remain popular with first-time visitors and seniors. The tourism industry should craft itineraries that include mini-tours and appeal to young professionals. As Taiwan travelers mature and become more business savvy, the trend is shifting towards Foreign Independent Travelers (FIT), a market sector of individuals who arrange their own variety of special interest tours, flights, car rental, and accommodations. Because more than 80% of the visitors from Taiwan to the U.S. are FITs, the demand is expected to grow for niche travel experiences such as sport travel, adventure tours, health and wellness vacations, honeymoon tours, gastronomic holidays, cruise tours, and youth study travel. Substantial, long-standing people-to-people ties and business links between the United States and Taiwan contribute to Taiwan's interest in tourism to the United States. Despite its popularity with Taiwan outbound travelers, the United States faces strong competition from other visa-free destinations, such as Australia, mainland China, Japan, Thailand, and countries within the European Union.

Sub-Sector Best Prospects

According to the Taiwan 2015 Market Profile from National Travel and Tourism Office with the U.S. Department of Commerce, Taiwan visitors to the United States most commonly travel for the purpose of vacation and holidays (35%), visiting friends and relatives (28%), doing business (19%) and attending conferences and trade shows (14%). Taiwan visitors to the United States took an average of 55 days to finalize their travel plans. For 27% of these visitors, it was their first international trip to the United States, and 18% of these travelers booked a pre-arranged package.

The average length of stay for Taiwan visitors in the United States was 12 days and they visited an average of 1.4 states.

Of the states receiving visitors from Taiwan, California received the most with nearly half of the visitors, followed by Guam, New York, and Nevada. States like Washington, Illinois, Massachusetts, Texas, Hawaii, and Florida are also attracting a growing number of Taiwan visitors. The top American cities receiving visitors from Taiwan are Los Angeles, San Francisco, New York City, Las Vegas, Seattle, San Jose, Chicago, Boston, San Diego, Honolulu and Anaheim. Different attractions in new destinations could be highly successful among Taiwan tourists, provided that promotion of these activities takes place in gateway cities.

Taiwan visitors to the United States are strongly motivated by shopping (89%), sightseeing in cities (82%), experiencing fine dining (41%), visiting art galleries/museums (29%), visiting small towns/countryside (24%), visiting national parks/monuments (24%), visiting amusement/theme parks (20%), visiting historical locations (17%), visiting cultural and ethnic heritage sites (15%), joining guided tours (15%), joining sporting events (10%), visiting water sports and casinos/gambling respectively (9%), and joining concerts/plays/musicals (9%).

The main sources of information for interested travelers to the United States are airlines (38%), personal recommendations from friends and relatives (34%), travel agency offices (24%), online travel agencies (23%), travel guides (16%), corporate travel departments (13%), tour operators or travel clubs (5%), and national/state/city travel offices (4%).

Taiwan maintains good air connections to major U.S. cities with over 800 weekly flights, among which are more than 110 direct flights from Taiwan to several U.S. gateway cities. United Airlines provides daily services to the United States via Japan, and United Airlines began its daily non-stop service to San Francisco in April 2014. Two Taiwan carriers, China Airlines and EVA Air provide daily non-stop flights to San Francisco, Los Angeles, Seattle, New York, Honolulu and Guam. EVA Air inaugurated a non-stop flight to Houston in June 2015.

Opportunities

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

Another way to promote American destinations is by participating in travel fairs. The U.S. Commercial Service in Taipei, in cooperation with the Brand USA and Discover America Taiwan Committees, organizes an American Pavilion at the most important travel fair in Taiwan, the Taipei International Travel Fair (ITF) from October 27-30, 2017. CS Taiwan can provide exhibitors in the U.S. Pavilion with logistical assistance, business counseling support, and a pre-show promotion press conference.

CS Taiwan also offers cost-effective services such as Simple Company Promotion (SCP) or Gold Key Matching Service (GKS) to help American destinations or suppliers to expand their presence in Taiwan or to find the right sales agents.

CS Taiwan is initiating an e-commerce promotion initiative in 2017 to support U.S. CVBs, destinations, and attractions in building and expanding business through webinar and social media channels in Taiwan. Taiwan's e-commerce penetration rate is among the top three worldwide.

Web Resources

- [Discover America Committee in Taiwan](#)
- [Travel and tourism data](#)
- [The 2015 Taiwan travel and tourism market profile](#)
- [Preliminary 2016 EU total travel and tourism exports and imports](#)
- [Brand USA Taiwan Representative Office](#)
- [Tourism Bureau, Ministry of Transportation and Communications](#)
- [Taipei Tourism Exposition Organizer](#)
- [Taipei International Travel Fair Organizer](#)

U.S. firms wishing to learn more about Taiwan's outbound travel and tourism market, as well as expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact CS Taipei Specialist Mei Mei Wang at meimei.wang@trade.gov or visit our [website](#).

Beef

Overview

Taiwan's beef production is negligible and relies on imports to meet demand. The top three suppliers of imported beef, the United States, Australia and New Zealand, have maintained their dominance in the beef import market since the 1990's. U.S. exports to Taiwan are limited to beef derived from cattle less than 30 months of age due to Bovine Spongiform Encephalopathy (BSE) concerns. Ground beef, internal organs and several items identified as specified risk materials (SRMs) are also in ineligible.

U.S. beef exports in 2011 and 2012 tumbled after Taiwan began rejecting some shipments of U.S. beef that tested positive for ractopamine, a feed ingredient approved for use in the United States and many other countries but not approved in Taiwan. Following Taiwan's decision to implement a maximum residue level (MRL) for ractopamine in beef muscle cuts in September 2012, the United States reestablished itself as the number one supplier of beef to Taiwan. In 2016, Taiwan imported a record of \$364 million in beef products from the United States. Despite Taiwan signing free trade agreements with several of its trading partners, which enjoy zero tariffs for their beef exports to Taiwan, the United States is still the leading supplier of beef to Taiwan.

Per capita, beef consumption rose by 64 percent from 3.14 kilograms in 2004 to 5.07 kilograms in 2015. Family eating habits and lifestyle choices combine to constrain the growth of consumption in Taiwan. However, younger people are showing a growing preference for beef and family income increases are encouraging more beef purchases. The booming tourism market provides an additional boost for increasing beef import demand. Taiwan's total muscle cut imports in 2016 is nearly 110,000 tons (actual weight), the 1st time in history total beef imports have exceeded the 100,000 ton mark.

Unit: USD thousands

	2014	2015	2016	2017 (Estimated)
Total Local Production	6,874	6,875	6,700 (est.)	6,900
Total Exports	548	303	268	200
Total Imports	134,285	130,911	149,359	152,000
Imports from the U.S.	45,455	47,933	58,615	52,000
Total Market Size	140,611	137,508	155,791	158,700

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

Source: Taiwan Directorate General of Customs; Council of Agriculture

Sub-Sector Best Prospects

Consumer demand for U.S. beef is strong, particularly in the hotel and restaurant sector. Australian beef occupies more shelf space in most retail stores, except in Costco, which carries only U.S. beef.

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

Opportunities

High-end hotels and retailers tend to promote exclusive brands that meet or exceed average beef quality. Chances of success exist for small and medium-sized high-quality U.S. beef brands certified for exports to Taiwan by USDA.

Web Resources

- Current information on export requirements for Taiwan.
- Other FAS reports.
- For general information on U.S. food and agricultural exports and USDA's export market development programs, please visit the Foreign Agricultural Service website.
- USA Pavilion of the Taipei International Food Show

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

Cheese

Overview

Taiwan cheese imports grew 8% year-over-year, to another record high of 31,704 metric tons in 2016. However the value of imports remained flat due to the availability of low cost European cheeses displaced from the embargoed Russian market. New Zealand is the main supplier with a 30% market share followed by the United States with a 22% share.

Unit: USD thousands

	2014	2015	2016	2017 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	747	1,030	1,104	800
Total Imports	\$135,832	\$131,734	\$133,530	\$137,500
Imports from the U.S.	40,039	36,515	32,423	32,880

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

Annual totals estimated based on available trade data

Source: Global Trade Atlas (HS code: 0406)

Sub-Sector Best Prospects

Processed cheeses are predominately used in the foodservice sector, accounting for approximately 42% of all Taiwan cheese imports. Overall, the most popular and fastest growing cheese varieties are cream cheese, mozzarella, and cheddar. Regarding the retail sector, sliced cheeses account for 65% of cheese retail sales. Frequent retail promotions in supermarkets will improve consumer awareness of U.S. cheese and help consumers appreciate the many ways to combine cheese with other, more traditional foods.

Opportunities

On a per capita basis, cheese consumption in Taiwan is still very low compared to most Western countries and Japan. Local chefs and consumers would benefit from additional information on the wide variety of U.S. cheese products and their applications. The export growth of U.S. cheeses will hinge on how well it can integrate cheeses into a range of cuisines, and tapping into the prepared meal demand growth from convenience store chains.

Web Resources

- [Dairy and Products Annual 2016 \(TW16024\)](#).
- For general information on U.S. food and agricultural exports and USDA's export market development programs: [Foreign Agricultural Service](#).
- For more information on the Taiwan market for food and agricultural products, please contact the AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov
- For other information on U.S. dairy exports: [US Dairy Export Council](#).

Coffee

Overview

Taiwan's coffee drinking culture continues to grow, and the coffee sales are expected to rise at a rapid pace. Coffee is widely available via multiple retail and food service channels, including international coffee chain stores, convenience store coffee, specialist coffee café and local coffee and bakery chain stores.

The United States is expected to maintain its leading position to supply more than 30% of roasted coffee beans in Taiwan. The upward trend of total coffee import value in Taiwan is expected to continue for the next several years. Brazil, Indonesia, Guatemala, Colombia and Ethiopia supply most of the non-roasted green coffee beans. In 2016, Taiwan imported US\$148 million worth of coffee beans, nearly the same level of imports from the previous year.

Top 5 Importing Countries (US\$ million)

Rank	Country	2015 Import Value	2016 Import Value	2016 Import Share	Market
1	Brazil	18.9	18.1	12.2%	
2	Indonesia	22.7	17.9	12%	
3	United States	21.6	16.5	11.1%	
4	Malaysia	9.6	10.8	7.2%	
5	Guatemala	10.9	10.5	7.1%	
Total		148.9	148.3	100%	

Source: Global Trade Atlas; Taiwan Council of Agriculture

Due to health concerns over the high sugar content and use of artificial additives, consumers' tastes in Taiwan are increasingly favoring freshly brewed coffee over ready-to-drink coffee. Meanwhile, there is growing preference for unsweetened, non-dairy based and high-quality instant coffee. This highlights the shift in favor of healthier and more natural products as coffee consumption becomes part of the daily routine for many consumers.

There is limited local coffee production in Taiwan so imports meet most of the demand. Most of the locally produced coffee is consumed or purchased by the visitors to the coffee farms or in tourist shops near the growing areas.

Unit: USD thousands

	2015	2016	2017(est.)
Total Market Size	\$165,800	\$164,933	\$166,500
Total Local Production	18,550	18,667	18,500
Total Exports	2,203	1,896	2,000
Total Imports	149,153	148,162	150,000
Imports from the U.S.	21.6	16.5	17
Exchange Rate: 1 USD	33.10	32.28	29.90(e)

Annual totals estimated based on available trade data

Source: Global Trade Atlas; Taiwan Council of Agriculture; Bureau of Foreign Trade

Sub-Sector Best Prospects

In line with the development of the local coffee drinking culture, consumers are increasingly opting for high quality fresh brewed coffee at home. Fresh coffee beans and fresh ground coffee are the categories that have benefitted most from this trend towards greater consumer sophistication in recent years.

Given the trend towards busier lifestyles, convenience is also an increasingly influential factor in coffee purchasing decisions for many consumers. Drip bag coffee products are gaining in popularity with much stronger demand compared to several years ago.

Opportunities

Opportunities exist to expand U.S. roasted coffee beans for Taiwan's robust coffee drinking culture and lifestyle. Given Taiwan's limited local production capacity, Taiwan will continue to look overseas for coffee beans, and the United States is in a prime position to continue to fill those needs, especially in the roasted coffee category.

Taiwan importers have expressed high levels of interest to purchase quality U.S. coffee beans, especially Kona coffee from Hawaii. Also, American roasted coffee beans have gradually gained popularity recently and Taiwan importers are always eager to learn more about coffee from the U.S.

Due to increasingly busy lifestyles and the abundance of inexpensive consumer foodservice options available in the marketplace, there is a growing demand for additive-free coffee and freshly brewed coffee. Furthermore, the booming demand for cold-pressed coffee in Western countries is expected to be seen in Taiwan in the near future.

According to Taiwan Coffee Association, Taiwan's coffee industry still has more room to grow as each consumer in Taiwan drinks 122 cups of coffee per year on average, far less than global benchmark of 200 cups of coffee consumed per capita.

Web Resources

Reports on the Taiwan food and agricultural market are available on the [FAS website](#).

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

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

Fresh Fruit

Overview

Taiwan has one of the world's highest per capita consumption rates of fresh fruit. In 2016, Taiwan imported US\$724 million worth of fresh fruit, a 16.2% increase from the previous year. In Taiwan's fresh fruit import market, the United States remained the largest supplier, accounting for US\$230 million (representing 32% of import market share), followed by New Zealand US\$191 million (26%), Chile US\$108 million (15%), and Japan US\$85 million (12%).

Top Five Importing Countries (US\$ million)

Country	2015 Import Value	2016 Value (growth rate)	2016 Import Market Share
U.S.A	201	230 (14.4%)	32%
New Zealand	157	191 (21.7%)	26%
Chile	86	108 (25.6%)	15%
Japan	85	85 (same)	12%
South Korea	21	22 (4.7%)	3%
Total	623	724 (16.2%)	100%

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

Most fresh produce in Taiwan is sold in supermarkets, hypermarkets, wet markets, online and specialty stores. Retail chains regularly conduct U.S. fruit promotions, offering significantly lower prices than in wet markets to draw consumers into their stores. Wholesalers and retailers also prefer U.S. fresh fruits because of the quality, nutritional aspects, and profitability. Many Taiwan fruit importers import fruit not only for Taiwan but also for China. In recent years, non-store retail has grown in popularity with home shopping, and TV/internet sales are on the rise.

Unit: USD thousands

	2015	2016	2017(est.)
Total Market Size	\$3,560,255	\$3,486,101	\$3,495,000
Total Local Production	3,058,738	2,850,000	2,900,000
Total Exports	122,071	106,290	105,000
Total Imports	623,588	724,391	700,000
Imports from the U.S.	201,306	229,902	210,000
Exchange Rate: 1 USD	33.10	32.28	29.90(e)

Annual totals estimated based on available trade data

Source: Global Trade Atlas; Taiwan Council of Agriculture

Sub-Sector Best Prospects

U.S. exporters have been successful in introducing new fruit varieties to the Taiwan market. The best growth opportunities for U.S. suppliers include relatively new-to-market 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.

The United States will continue to be the leading supplying country of fresh fruits, especially in the following product types: apples, peaches, nectarines, grapes, cherries, cranberries, blueberries, oranges, plums, prunes, and pears. A list of leading fruits subsectors and their respective total import value, import value from the United States and import market shares in 2016, are detailed below:

Unit: US\$ million

Product	2016 Imports	Total	2016 Imports from the U.S.	2016 Import Market Share
Apples (HS 080810)	275		68	25%
Peaches & nectarines (HS 080930)	49		38	77%
Grapes (HS 080610)	71		37	52%
Cherries (HS 080929)	87		44	50%
Cranberries & blueberries (HS 081040)	12		5.9	49%
Oranges (HS 080510)	19		15	77%
Plums and prune plums (HS 080940)	9.4		7.1	76%
Pears (HS 080830)	19		2.3	13%

Opportunities
Buyers in retail stores tend to import products that are already

well known in the market. A trend for supermarkets/hypermarkets is to begin importing directly from a consolidator, who can arrange one consolidated shipment for a variety of new and already

in-the-market products. Furthermore, purchasing managers of these retail stores welcome offers with market potential from reputable and reliable U.S. suppliers.

Consumers' concerns over food safety have helped U.S. fruits become a top choice for quality and reliability. Consumers in Taiwan are brand-conscious, and the United States is a leader in food brands that set trends.

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

Web Resources

- Reports on the Taiwan food and agricultural market are available on the [FAS website](#).
- For general information on U.S. food and agricultural exports and USDA's export market development programs, please visit the [Foreign Agricultural Service website](#).
- For more information on the Taiwan market for food and agricultural products, please contact the AIT's Agricultural Trade Office at: ATOTaipei@fas.usda.gov

Pet Food

Overview

Taiwan's imports of pet food (dog and cat food) have more than doubled over the past decade, growing from US\$62.5 million in 2006 to US\$141 million in 2016. The United States (31.6%) and Thailand (27%) are the two major suppliers, followed by France (13%), Australia (7.6%) and Canada (6.9%).

Official data on local production of pet food is not available. Total sales of dog and cat food stood at NT\$13.6 billion (US\$410.1 million) in 2015, according to Euromonitor reports. Domestic production is estimated by local manufacturers to account for approximately 40% of the total pet food market.

Thailand is the number one supplier of pet in terms of volume. Many of the lower cost products from Thailand are sold in supermarkets and hypermarkets. Premium brands from the United States and Europe have been increasing significantly over the past decade as consumers perceive these products to be of higher quality. Retail prices for premium pet food products may be more than 10 times over cheaper brands.

Currently, the biggest barrier to entry for U.S. pet food to Taiwan continues to be the lingering ban on ruminant products from countries determined by the Taiwan Council of Agriculture (COA) to have Bovine Spongiform Encephalopathy (BSE). U.S. facilities producing pet food with non-ruminant ingredients may be subject to an extensive application process including on-site review and inspection by COA's Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) division at the facility's own expense. U.S. exporters are encouraged to pay close attention to the highly pathogenic avian influenza (HPAI) quarantine status in the United States as Taiwan requires additional manufacturing processes for pet food products from HPAI infected areas.

(Unit: USD thousands)

	2014	2015	2016	2017 (Estimated)
Total Local Production*	NA	NA	NA	NA
Total Exports	1,855	2,467	2,148	2,300
Total Imports	124,031	140,323	141,019	147,000
Imports from the U.S.	35,310	42,542	44,521	46,500
Total Market Size*	NA	NA	NA	NA
Exchange Rate: 1 USD	31.72	33.10	32.28	29.9

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

Source: Directorate General of Customs, Taiwan Ministry of Finance

Sub-Sector Best Prospects

The growth in Taiwan's pet food market reflects a societal shift towards animals as pets. With rising incomes and strong western influences, dogs are now a symbol of affluence in Taiwan. Taiwan pet food imports are expected to continue to grow moderately over the next few years as pet ownership also increases. Industry sources indicate more and more pet owners are purchasing commercially produced pet food instead of using table scraps.

Opportunities

The long-term prospects for U.S. pet food exports to Taiwan point towards more competition, but U.S. products are expected to maintain a one-third market share. U.S. pet food brands are commonly viewed as being significantly higher quality, which is the primary reason that Taiwan pet owners are willing to pay higher prices.

B2C e-commerce for pet foods is also growing tremendously. The door-to-door delivery for heavy pet food packages and cat litters is the most common and convenient way of shipment for the customers.

Web Resources

- [Additional FAS reports](#).
- For general information on U.S. food and agricultural exports and USDA's export market development programs, please visit the [Foreign Agricultural Service website](#).
- For more information on the Taiwan market for food and agricultural products, please contact the AIT's Agricultural Trade Office at: ATOTaipei@fas.usda.gov.
- [Taipei Aqua-Pets Show](#).

U.S. manufacturers of pet food products can find [additional information](#) regarding Taiwan's import requirements and certification for these products.

Poultry Meat

Overview

Taiwan is able to meet approximately 80% of demand for poultry products with domestic production with remaining demand filled by imports. The United States and Canada are the two main poultry suppliers to Taiwan, with the United States accounting for over 80% of the import market over the past several years. Total chicken imports in 2015 hit a record high due to low U.S. poultry prices.

Taiwan's WTO Special Safeguard (SSG) for chicken wings and legs was triggered early in November 2016 when total imports of these products reached 153,588 metric tons (MT). The 2017 SSG trigger of this category is 160,204 MT which may not be imposed due to lower import volume projected by local importers.

Highly pathogenic and low pathogenic avian influenza (HPAI and LPAI), which has been found in Canada and several U.S. states has caused periodic restriction on imports.

Unit: metric tons

	2014	2015	2016	2017 (Estimated)
Total Local Production	654,216	621,780	650,500 (est.)	640,000
Total Exports	4,837	2,760	6,922	3,000
Total Imports	143,309	182,616	163,972	165,000
Imports from the U.S.	119,733	168,315	153,075	150,000
Total Market Size	792,688	810,636	807,550	802,000

Source: Council of Agriculture, Taiwan Directorate General of Customs

Sub-Sector Best Prospects

Taiwan consumers prefer dark meat over breast meat, so the top import items are broiler thighs, legs, and wings. Imports of U.S. poultry meat are expected to be stable in the next few years as the market adjusts to increasing competition.

Opportunities

Significant opportunities in the market exist, in particular for those producers who are able to meet importers cut and packaging specifications. Imported poultry has gained market acceptance in the processed food, catering, and food service sectors, while the situation in the retail market has also been changing due to better thawing technology and knowledge and increasing consumer acceptance of frozen and thawed poultry.

Web Resources

- [Current information on export requirements](#) for Taiwan.
- [Additional FAS reports.](#)
- For general information on U.S. food and agricultural exports and USDA's export market development programs, please visit the [Foreign Agricultural Service website.](#)

- USA Pavilion of the Taipei International Food Show.
- For more information on the Taiwan market for food and agricultural products, please contact the AIT's Agricultural Trade Office at: ATOTaipei@fas.usda.gov.

Tree Nuts

Overview

Taiwan imports of tree nuts continued to grow in 2016 and reached another record high of 11,781 metric tons. However, the value of imports declined by 20% to \$119 million due to lower prices of almonds and walnuts. The increase of volume reflects an increasing demand from the food processing sector, particularly for mixed nut snacks and powdered drinks.

Unit: USD thousands

	2014	2015	2016	2017 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	989	1,361	1,138	1,172
Total Imports	131,199	146,390	119,435	123,000
Imports from the U.S.	73,958	84,168	63,252	67,500
Exchange Rate: 1 USD	31.72	33.10	32.28	29.90

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

Annual totals estimated based on available trade data

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

Sub-Sector Best Prospects

Taiwan does not produce any tree nuts. Among the many types of tree nuts, almonds are considered the most versatile. U.S. origin almonds account for more than 42% of market share. A variety of almond products, such as powder, paste, and slices, are widely available in the local market and popular with the baking community.

Opportunities

Tree nuts are mainly used for snacks and food ingredients. Through marketing activities, the consumer awareness of specific tree nut varieties will increase rapidly and create a ripple effect throughout the foodservice and baking industries. The industry is constantly looking for new ideas of healthy snack food products. One recent success is the healthy powdered tree nut drink that features multiple combinations of tree nuts in pocket-sized packaging. The United States has built its image as a high-quality supplier in the nut trade. Country-of-origin is a key buying criterion for Taiwan importers since it assures consistent quality.

Web Resources

- [Taiwan Exporter Guide 2014 \(TW14021\)](#).
- For general information on U.S. food and agricultural exports and USDA's export market development programs: [Foreign Agricultural Service](#).
- For more information on the Taiwan market for food and agricultural products, please contact the AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Wine & Spirits

Overview

Taiwan imports of wine and spirits in 2016 posted strong gains to US\$837 million, up 21% compared to 2015. However, due to expected sluggish economy in 2017, the rate of growth is expected to slow. France and United Kingdom are market leaders in respective wine and spirits categories, holding the largest market shares of 51% and 64% by value in 2016.

Regarding spirits product mix, whisky retained its perennial largest market share of 66%. Taiwan imports of whiskey reached \$439 million in 2015, up 15% compared to 2014. The insatiable appetite for high-end single malt whisky fueled import growth.

Wine

Unit: USD thousands

	2014	2015	2016	2017 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	\$327	\$263	\$189	\$150
Total Imports	146,724	154,987	174,311	183,000
Imports from the U.S.	12,990	14,252	16,466	17,000
Exchange Rate: 1 USD	31.72	33.10	32.28	29.90

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

Annual totals estimated based on available trade data

Source: Global Trade Atlas (HS code: 2204)

Spirits & Others

Unit: USD thousands

	2014	2015	2016	2017 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	26,570	22,132	39,407	43,300
Total Imports	537,162	537,583	662,230	675,000
Imports from the U.S.	2,358	2,996	4,241	4,500
Exchange Rate: 1 USD	31.72	33.10	32.28	29.90

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

Annual totals estimated based on available trade data

Source: Global Trade Atlas (HS code: 2208)

Sub-Sector Best Prospects

The consumer profile of wine drinkers has extended to include young professionals. Entry-level wine drinkers prefer balanced red wines, while semi-sweet white wine remains popular among female drinkers.

For spirits, the market is skewed towards single malt whisky, which accounts for 70% of all whisky products. However, there is increasing interest in high-end, craft bourbons.

Opportunities

U.S. bourbon has great potential in this market but requires an aggressive campaign push to make an impact against the popular single malt Scotch. Long-term educational and promotional efforts by UK experts have translated into an established, consumer preference for single malt Scotch. Many consumers consider Scotch a status symbol, and it is especially popular for premium gift-giving. According to domestic retailers, the market for single malt Scotch is expected to continue to grow. U.S. spirit producers should take advantage of this growing demand and appreciation in Taiwan for premium quality products by launching consumer educational programs.

For the wine market, Taiwan consumers are influenced by the media and wine ratings. Entry into the Taiwan market generally involves glowing reviews from famous wine connoisseurs or reputable media.

Web Resources

- [Taiwan Exporter Guide 2014 \(TW14021\)](#).

- General information on U.S. food and agricultural exports and USDA's export market development programs.
 - For more information on the Taiwan market for food and agricultural products, please contact the AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov
- For other information on California wine exports: California Wine Institute.

Customs, Regulations & Standards

- Trade Barriers
- Import Tariffs
- Import Requirements and Documentation
- U.S. Export Controls
- Temporary Entry
- Labeling and Marking Requirements
- Prohibited and Restricted Imports
- Customs Regulations
- Trade Standards
- Trade Agreements
- Licensing Requirements for Professional Services
- Trade Regulation Web Resources

Trade Barriers

There has been progress in the area of removing Technical Barriers to Trade (TBT). The March 2013 meeting of the U.S. – Taiwan Trade and Investment Framework Agreement launched a bilateral TBT Working Group to allow for greater information exchange and better communication and cooperation with regard to a range of specific regulatory issues. The TBT Working Group has addressed U.S. industry concerns that some standards and labeling requirements and chemical registration requirements are overly restrictive, burdensome, or different from international standards or best practices. Revisions to standards and multi-pack labeling requirements and establishment of a single-window for chemical registration furthered by the Working Group have improved the business climate. Efforts will continue to eliminate TBT impediments remaining in some areas, especially the services, retail, cosmetics and medical device sectors. Rules on local licensing of professionals are cited as a barrier to foreign providers of some services. Foreign investors and multinational companies complain of lengthy, costly, and non-transparent regulatory approval processes particularly in the areas of medical devices, cosmetics and pharmaceuticals. In May 2015, the Ministry of Labor (MOL) announced amendments to the *Qualifications and Criteria Standards for foreigners undertaking the jobs specified under Article 46.1.1 to 46.1.6 of the Employment Service Act* that eliminate the one-year experience requirement for certain fields. The Executive Yuan sent the draft of “Act for the Recruitment and Employment of Foreign Professional Talent” to the Legislative Yuan in late April 2017, with the purpose of mapping out more liberalizations related to visas, residence, insurance, and retirement issues of foreign professionals planning to work in Taiwan.

Import Tariff

Taiwan’s tariff schedule is based on the Harmonized Commodity Description and Coding System of the Customs Cooperation Council. On July 1, 2006, Taiwan promulgated a comprehensive revised tariff schedule in compliance with Taiwan’s Free Trade Agreement with Guatemala. This revised tariff schedule applies to all of Taiwan’s trade partners. In order to meet the requirements for the 2007 version of the World Customs Organization’s Harmonized System (HS), starting on January 1, 2009, Taiwan implemented a new version of its tariff schedule and reclassified 297 items of the tariff lines of the ten-digit level in 2010. In November 2015, Taiwan decreased import tariffs to 5 percent for four environmental goods under Commodity Classification Codes (CCC) of 8412.90.00; 8501.64.90; 8502.31.00; and 8502.39.90. To comply with ITA 2 conclusion, made in December

2015, and to ensure Taiwan's customs tariff codes are parallel to that in the World Customs Organization's (WCO) Harmonized System (HS) 2017 edition, the Legislative Yuan approved the "tariff cut schedule on ITA 2" and "Customs Import Tariff amendment" in May 2016 and December 2016 respectively.

Taiwan continues to make unilateral improvements to its tariff structure on finished goods and raw materials. In 2016, the average nominal tariff rate for industrial products was 4.23%, and 14.66% for agricultural products. The overall average nominal tariff rate for imported goods was 6.35% in 2016. U.S. industry continues to request that Taiwan lower tariffs on imports of many products, including large motorcycles, wine, canned soups, cookies, savory snack foods, vegetable juices, potatoes and potato products, table grapes, apples, fresh vegetables, and citrus products.

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

Import Requirements & Documentation

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

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

Commercial invoices are required for all shipments and must show the import license number; Free On Board (FOB), Cost and Freight (CFR), or Cost, Insurance and Freight (CIF) value; insurance; freight; and discounts or commissions, if any. The commodity description and value shown on the commercial invoices must agree with those on the import license, if any. No requirements exist as to the form of a commercial invoice or a bill of lading. A packing list is required for all shipments if the number of cartons in the shipment exceeds two. In addition to the information generally included in a standard bill of lading, all marks and case numbers appearing on packages must be shown. Customs does not permit the grouping of marks or numbers on a shipment of mixed commodities. Most documents presented for use in customs clearance processing must be prepared in Chinese to avoid delays and expedite clearance processing. The Bureau of Foreign Trade (BOFT) set up an [on-line import application system](#).

U.S. Export Controls

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

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

The majority of exports to or through Taiwan do not require an export license, and U.S. export requirements for Taiwan are similar to export requirements for much of Southeast Asia. Licensing requirements are dependent upon an item's technical characteristics, the destination, the end-user, and the end-use. It is the responsibility of the U.S. exporter to comply with all BIS licensing requirements.

If an item requires a BIS export license, the exporter must either find a "License Exception" that authorizes their transaction, or else file an application with BIS. If an exporter needs help determining license requirements, BIS has resources available to help, including training materials and commodity classification and advisory opinion services.

A good starting point for U.S. exporters to obtain hands-on information about licensing requirements and regulations is to attend a U.S. Department of Commerce export control seminar on complying with U.S. Export Controls. BIS has more information on these seminars, and on other training materials, in the Compliance and Training section of [their website](#). BIS also has export counselors who can be contacted by phone.

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

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

If you are exporting an item that will transship through Taiwan or be re-exported from Taiwan, your customer in Taiwan may seek more information about U.S. export controls—and in particular about the U.S. classification and authorization. Providing this information may help them determine their own local obligations.

Other Resources:

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

Bureau of Foreign Trade, Taiwan

Taiwan's Bureau of Foreign Trade is the agency responsible for export licensing in Taiwan. More information on Taiwan Export Control is available [here](#).

Temporary Entry

Taiwan is not a member of the Admission Temporaire/Temporary Admission (ATA) Carnet system. However, Taiwan has signed bilateral agreements with 41 nations, including the United States, to implement provisions of the ATA Carnet. These agreements grant temporary customs exemptions for commercial samples, professional instruments and equipment, as well as exhibition goods that are brought into Taiwan for sales promotion and exhibition purposes. They facilitate international business by avoiding extensive customs procedures, eliminating payment of import duties and value-added taxes, and replacing the purchase of temporary import bonds. Items must be shipped out of Taiwan within one year of the event's conclusion to avoid imposition of import tariffs and other taxes.

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

U.S. Council for International Business

ATA Carnet Department

1212 Avenue of the Americas

New York, N.Y. 10036

Tel: 212-703-5078

Fax: 212-944-0012

Email: atacarnet@uscib.org

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/Marking Requirements

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

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

except when packaged in cases, boxes, or crates, provided that each package of the consignment contains cargo of identical weight.

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

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

Taiwan's Commodity Labeling Act, amended on January 26, 2011, stipulates that all labeling shall be made in Chinese and may be supplemented by English or other foreign languages. When an imported commodity is introduced for sale in the domestic market, labeling, instructions, and sales literature written in Chinese must be added to the commodity by the importer. The contents provided in the Chinese language must not be simpler or more condensed than those from the place of origin of the commodity. The name/title and the address of the foreign manufacturer of an imported commodity to be labeled may not be written in the Chinese language.

Article 9 of the Act states, where a commodity is introduced for sale in the Taiwan market, the following particulars shall be labeled:

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

According to the Article 10 of the Act, if any of the following conditions apply, the scope of application, date of expiration, methods of use and storage of the commodity, and other points requiring attention must be indicated:

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

More information is available on the [COA's website](#).

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

Prohibited & Restricted Imports

In order to comply with its WTO commitments, Taiwan has eliminated more than 98.9% of its import controls on 11,213 official import categories. As of April 2017, 115 CCC items were prohibited unless approved by BOFT as special cases, and 16 items were allowed to be imported with conditions. Most of the permit-required categories are related to public sanitation and national defense concerns, and include some agricultural products and ammunition. In addition, Taiwan maintains a lengthy list of products that are banned if made in mainland China, including chocolate confectionary and meters for medical equipment. In April 2006, the Ministry of Economic Affairs (MOEA) lifted the ban on certain unfilled chocolate from mainland China.

Presently, Taiwan can import from and export directly to mainland China. Taiwan is significantly liberalizing imports of products from mainland China as both have joined the WTO. As of April 2017, Taiwan allows 1,721 agricultural and 7,897 industrial items to be imported from mainland China, accounting for 63.65 percent and 85.46 percent respectively of all imported agriculture and industrial categories.

Taiwan continues to review imports from mainland China and considers further relaxation once every six months or as requested by the business sector.

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

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

Customs Regulations

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

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

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

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

Customs Administration

Ministry of Finance (MOF)

No. 13, Tacheng St., Datong Dist., Taipei City 10341, Taiwan

Tel: 886-(02)2550-5500

Fax: 886-(02)2550-7643

Standards for Trade

- Overview
- Standards
- Testing, Inspection and Certification
- Publication of Technical Regulations
- Contact Information

Overview

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 developed under the International Standards Organization (ISO), International Electro-technical Commission (IEC), and International Telecommunications Union (ITU). Taiwan acceded to the World Trade Organization (WTO) on January 1, 2002. The preparation, adoption and application of national standards comply with the requirements of the Agreement on Technical Barriers to Trade (TBT) of the WTO.

National standards are classified under 26 categories. As of March 2017, BSMI has 14,069 national standards. Of these standards, 3,896 correspond with international standards, and the harmonization for 3,831 of them has been completed as of March 2017. The BSMI administers the CNS Market Certification System whereby products meeting standards are allowed to carry the CNS mark.

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

Standards

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.

Testing, Inspection and Certification

The Sixth Division of BSMI is in charge of testing and inspection methods. This division currently conducts testing in areas including electromagnetic compatibility (EMC), biochemistry, chemistry, polymers, materials, electrical engineering, and mechanical engineering. Goods with 1,065 CC codes including industrial, chemical, mechanical and electronics products, and more than 1,800 agricultural, food and fishery products are subject to inspection. Testing of commodities can only be done by BSMI or testing laboratories recognized by the BSMI.

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

As of April 2017, a total of 52 commodities are covered by the DoC system. These products include digital cameras, digital video cameras, typewriters, cash registers, electronic calculators, card punching machines, optical disc devices, data storage units, class B main boards of computers, add-on cards with I/O devices, and vulcanized rubber tubes. A complete list of national testing organizations or conformity assessment bodies is available on [BSMI's website](#).

Products specified by the Ministry of Economic Affairs (MOEA) must comply with inspection requirements before they are shipped from the manufacturing premises or imported and placed on the market. Manufacturers or importers of these products must apply to BSMI for inspection before shipment or importation. Beginning on January 1, 2004, BSMI adopted a dual-track approach to

allow manufacturers or importers to choose the “Registration of Product Certification” (RPC) scheme or a Batch-by-Batch inspection (BBI) with Type Approval.

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

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

To enhance the protection of consumers from hazards posed by telecommunications and electrical and electronics products, and to meet international requirements for electromagnetic compatibility (EMC), BSMI has promulgated “Regulations Governing Electromagnetic Compatibility of Commodities.” Manufacturers or importers must obtain type approval of their products from BSMI and all products must apply for inspection based on the EMC type approval certificate. Currently, 253 products are subject to EMC inspection, of which 133 are electrical items, and 120 are electronic products.

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

Under the March 1999 “Mutual Recognition Agreement for Equipment subject to Electro-Magnetic Compatibility (EMC) Regulations between Taipei Economic and Cultural Representative Office and American in Taiwan,” NIST may designate testing laboratories in accordance with the general provisions and Appendix A of the Asia Pacific Economic Cooperation Telecom Mutual Recognition Agreement for recognition as Conformity Assessment Bodies (CABs) with respect to the EMC regulations of the BSMI. As of April 2017, BSMI recognizes 78 EMC testing laboratories in the U.S. Still, except for EMC testing, all other kinds of testing required by BSMI must be conducted in Taiwan.

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

Accreditation for labs is conducted on a voluntary basis. At present, TAF provides laboratory accreditation in four major categories -- calibration, testing, civil engineering, and media – with a total of 32 fields. So far, TAF has accredited over 1,931 laboratories in Taiwan. There are about 47 accredited bodies under TAF engaged in the accreditation of management systems which include quality, environmental, occupational health and safety, information security, food safety, and green products management systems -- and about 39 handling accreditation for commodities.

Detailed information about accreditation in Taiwan and a list of accreditation bodies are available on [TAF's website](#).

Publication of Technical Regulations

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](#) also provides updated information from standards gazettes and on standards regulations.

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

Contact Information

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

Ministry of Economic Affairs

No. 15 Fuzhou St., Taipei 10015, Taiwan

Tel: 886-2-2341-4986

Fax: 886-2-2391-9973

Trade Agreements

Taiwan joined the WTO on January 1, 2002. Taiwan became a member of the Asia Pacific Economic Cooperation (APEC) in November 1991, and joined the Central American Bank for Economic Integration in 1992. Taiwan is also a member of the Asian Development Bank (ADB), the Pacific Economic Cooperation Council (PECC), and the Pacific Basin Economic Council (PBEC).

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

Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation in July 2013, and the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP) in November 2013.

Further information about Taiwan's bilateral and multilateral trade agreements is available on the [Board of Foreign Trade's \(BOFT\) website](#).

Licensing Requirements for Professional Services

Rules on local licensing of professionals are cited as a barrier to foreign providers of some services. Foreign investors and multinational companies complain of lengthy, costly, and non-transparent regulatory approval processes particularly in the areas of medical devices, cosmetics and pharmaceuticals.

Web Resources

- [Bureau of Foreign Trade, Ministry of Economic Affairs \(MOEA\)](#).
- [Customs Administration, Ministry of Finance \(MOF\)](#).
- [Directorate General of Customs \(Chinese\), MOF](#).
- [Bureau of Standards, Metrology and Inspection, MOEA](#).
- [Commerce Industrial Services Portal, MOEA](#).
- [Taiwan Accreditation Foundation](#).

Investment Climate Statement

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Executive Summary

Taiwan, located between Northeast and Southeast Asia, is an important market in regional and global trade and investment. It is one of the world's top 25 economies in terms of gross domestic product (GDP) and is the United States' 10th largest trading partner. An export-dependent economy of 23 million people with a highly skilled workforce, Taiwan is also a key link in global supply chains, a central hub for shipments and transshipments in East Asia, and a major center for advanced research and development (R&D). Official Taiwan statistics estimate 2017 GDP growth may reach two percent, marking a recovery over recent years in step with improving global economic conditions.

Taiwan welcomes and actively courts foreign direct investment (FDI) and partnerships with U.S. and other foreign firms. President Tsai Ing-wen, who was elected in January 2016 and assumed office in May that year, has launched an initiative to promote economic growth by increasing domestic investment and FDI. The effort aims to leverage Taiwan's strengths in high-technology, manufacturing, and R&D with a focus on targeted sectors, including smart machinery, defense and aerospace, green energy, biotechnology and biopharmaceuticals, and the Internet of Things (IoT). Plans for expanded investment by the central authorities in physical and digital infrastructure across Taiwan complement this investment promotion strategy.

As a relatively open and liberal economy, Taiwan benefits from substantial FDI as well as the management and technical expertise that accompany it. The finance, wholesale and retail, and electronics sectors have been the top targets of inward FDI over the past decade, although Taiwan attracts a wide range of U.S. investors, including in the high-technology, digital, traditional manufacturing, and services sectors. The United States is Taiwan's second largest single source of FDI after the Netherlands, through which many U.S. companies choose to invest. In 2015, according to U.S. Department of Commerce data, the total stock of U.S. FDI in Taiwan reached USD 15 billion, while U.S. private commercial services exports to Taiwan totaled over USD 12 billion. Taiwan is a major purchaser of U.S. intellectual property (IP), spending nearly USD \$5.3 billion on licensing of technology and audiovisual materials in 2015.

Structural impediments in Taiwan’s investment environment include: excessive or inconsistent regulation; market influence exerted by domestic and state-owned enterprises (SOEs) in the utilities, energy, postal, transportation, financial, and real estate sectors; foreign ownership limits in sectors deemed sensitive; and regulatory scrutiny over the participation of People’s Republic of China (PRC)-sourced capital. The Taiwan Central Bank retains a currency convertibility policy in which it reserves the right to require large transactions that could impact the foreign exchange market to be scheduled over several days. Taiwan has among the lowest levels of private equity investment in Asia, and U.S. private equity firms have expressed concern about a long-standing lack of transparency and predictability in the investment approvals process, especially in sectors deemed sensitive but that allow foreign ownership. Sharing economy investors have faced obstacles in the form of protections for domestic industries and the absence of implementing regulations for approved investments. Taiwan in late 2016 implemented new rules mandating a 60-day public comment period for draft laws and regulations emanating from regulatory agencies; while welcomed by the U.S. business community, the new rules have not been consistently applied.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2016	31 of 176	http://www.transparency.org/news/feature/corruption_perceptions_index_2016#table
World Bank's Doing Business Report "Ease of Doing Business"	2017	11 of 189	doingbusiness.org/rankings
Global Innovation Index	N/A	N/A	https://www.globalinnovationindex.org/content/page/data-analysis/ <i>Taiwan data are not provided</i>
U.S. FDI in partner country (\$M USD, stock positions)	2016	23,772	Taiwan Ministry of Economic Affairs http://www.moeaic.gov.tw/news.view?do=data&iid=1024&lang=ch&type=business_ann
World Bank GNI per capita	N/A	N/A	<i>Taiwan data are not provided</i>

Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

Promoting inward FDI has been an important policy goal for the Taiwan authorities because of Taiwan's self-imposed public debt ceiling that limits public spending and its low levels of domestic private investment, which on average grew only 3.3 percent per year over the last five years. Taiwan has pursued various measures to attract FDI from both foreign companies and Taiwan firms operating overseas. A network of science and industrial parks, export processing zones, and free trade zones aim to expand trade and investment opportunities by granting tax incentives, tariff exemptions, low-interest loans, and other favorable terms. Incentives tend to be more prevalent for investment in the traditional manufacturing sector. The Ministry of Economic Affairs (MOEA) Department of Investment Services (DOIS) Invest in Taiwan Center serves as Taiwan's investment promotion agency and provides streamlined procedures for foreign investors, including single-window services and employee recruitment. DOIS services are available to all foreign investors.

Taiwan maintains a negative list of industries closed to foreign investment for reasons the authorities assert relate to national security and environmental protection, including public utilities, power distribution, natural gas, postal service, telecommunications, mass media, and air and sea transportation. These sectors constitute less than one percent of the production value of Taiwan's manufacturing sector and less than five percent of the services sector. Railway transport, freight transport by small trucks, pesticide manufactures, real estate development, brokerage, leasing, and trading are open to foreign investment. The negative list of investment sectors is available.

The central authorities take a cautious approach to approving foreign investment in innovative industries that utilize new and potentially disruptive business models, such as in the sharing economy. Investments in the sharing economy have been approved without clear regulatory frameworks in place, generating regulatory and political hurdles for investors and, in one case, targeted legislation regarded as highly punitive.

Some U.S. investors have expressed concerns about a lack of transparency, consistency, and predictability in the investment review process, particularly with regard to transactions involving private equity investment. Current guidelines on foreign investment state that private equity investors seeking to acquire companies in "important industries" must provide, for example, a detailed description of the investor's long term operational commitment and the investment's impact on competition within the sector. U.S. investors have experienced lengthy review periods for private equity transactions and redundant inquiries from the MOEA Investment Commission and its constituent agencies. Public hearings convened by Taiwan regulatory agencies about specific private equity transactions often appeared designed to advance opposition to private equity rather than foster transparent dialogue. Private equity transactions and other previously approved investments have attracted Legislative Yuan scrutiny, including committee-level resolutions opposing specific transactions.

Limits on Foreign Control and Right to Private Ownership and Establishment

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

Taiwan has gradually eased restrictions on investments from the PRC since 2009. Taiwan has opened more than two-thirds of its aggregate industrial categories to PRC investors, with 97 percent of manufacturing sub-sectors and 51 percent of construction and services sub-sectors open

to PRC capital. PRC nationals are prohibited from serving as chief executive officer in a Taiwan company, although a PRC board member may retain management control rights. The Taiwan authorities regard PRC investment in media or advanced technology sectors, such as semiconductors, as a national security concern. The cross-Strait Agreement on Trade in Service and the Cross-Strait Agreement on Avoidance of Double Taxation and Enhancement of Tax Cooperation were signed in 2013 and 2015, respectively, but are not expected to take effect until the Taiwan authorities and Legislative Yuan pass a new oversight mechanism for cross-Strait agreements. Cross-Strait negotiations on the Agreement on Trade in Goods did not advance in 2016.

The Investment Commission screens applications for FDI, mergers, and acquisitions. Taiwan authorities claim that 95 percent of investments not subject to the negative list and with capital less than New Taiwan Dollars (NTD) 500 million (USD 16.5 million) obtain approval at the Investment Commission staff-level within two to four days. Investments between NTD 500 million and NTD 1.5 billion (USD 49.5 billion) in capital take three to five days to screen, and the approval authority rests with the Investment Commission's executive secretary. For investment in restricted industries, in cases where the investment amount or capital increase exceeds NTD 1.5 billion (USD 49.5 billion), or for mergers, acquisitions, and spin-offs, screening takes 10 to 20 days and includes review by relevant supervisory ministries and final approval from the Investment Commission's executive secretary. Screening for foreign investments involving cross-border mergers and acquisitions or other special situations takes 20-30 days, as these transactions require interagency review and deliberation at the Investment Commission's monthly meeting.

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

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

Other Investment Policy Reviews

Taiwan has been a member of the World Trade Organization (WTO) since 2002. In September 2014, the WTO conducted the third review of the trade policies and practices of Taiwan. [Related reports and documents](#) are available.

The Organization for Economic Cooperation and Development (OECD) and United Nations Conference on Trade and Development (UNCTAD) have not conducted investment policy reviews of Taiwan.

Business Facilitation

MOEA has taken steps to improve the business registration process and is expected to propose amendments to the Company Act to make business registration more efficient. Since 2014, the company registration application review period has been shortened to two days, while applications for a taxpayer identification number, labor insurance (for companies with five or more employees), national health insurance, and pension plans can be processed at the same time and granted decisions within five to seven business days. Starting January 1, 2017, foreign investors' company registration applications are processed by the MOEA's Central Region Office.

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

The [MOEA operates a Commerce Industrial Services Portal](#) that describes the business registration process.

Please refer to the "Business in Taiwan" section of the MOEA's [Invest in Taiwan Center website](#), which provides useful information for foreign investors.

The [Investment Commission website](#) lists the rules, regulations, and required forms for seeking foreign investment approval.

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

For the manufacturing, construction, and mining industries, the MOEA defines small and medium-sized enterprises (SMEs) as companies with less than NTD 80 million (USD 2.5 million) of paid-in capital and fewer than 200 employees. For all other industries, SMEs are defined as having less than NTD 100 million (USD 3.1 million) of paid-in capital and fewer than 100 employees. Taiwan runs a Small and Medium Enterprise Credit Guarantee Fund to help SMEs obtain financing from local banks. Foreign firms may pay a fee to obtain a guarantee from the Fund. Taiwan's National Development Fund has set aside NTD 10 billion (USD 330 million) to invest in SMEs.

Outward Investment

The PRC used to be the top destination for Taiwan companies' overseas investment given the low cost of factors of production there, such as wages and land. In recent years, however, the authorities have begun assisting Taiwan firms in relocating to lower-cost markets, including in Southeast Asia. Taiwan's financial regulators have urged Taiwan banks to expand their presence in Southeast Asian economies either by setting up branches or by acquiring subsidiaries. The administration of President Tsai Ing-wen launched the New Southbound Policy to enhance Taiwan's economic connection with 18 countries in Southeast Asia, South Asia, and the Pacific. The Taiwan authorities seek investment agreements with these countries to incentivize Taiwan firms' investment in those markets. DOIS provides consultation and loan guarantee services to Taiwan firms operating overseas.

According to the Act Governing Relations between the People of the Taiwan Area and the Mainland Area, all Taiwan individuals, juridical persons, organizations, or other institutions must obtain

approval from the Investment Commission in order to invest in or have any technology-oriented cooperation with the PRC. The authorities maintain a negative list for Taiwan firms' investment in the PRC. The central authorities, Taiwan companies, and foreign investors in Taiwan are increasingly vigilant about the threat of IP theft in key strategic industries, such as the semiconductor industry.

Bilateral Investment Agreements and Taxation Treaties

Taiwan does not have a bilateral taxation treaty with the United States. Taiwan has 32 bilateral tax agreements in force; agreements with Canada and Poland took effect on January 1, 2017. Taiwan signed a taxation agreement with the PRC in August 2015, but the Agreement has not yet taken effect.

Taiwan has concluded economic cooperation (free trade) agreements with El Salvador, Guatemala, Honduras, Nicaragua, Panama, Singapore, and New Zealand, and has concluded 25 bilateral investment protection agreements.

Under the Taiwan Relations Act, the terms of the 1948 Friendship, Commerce, and Navigation Treaty between the Republic of China and the United States remain in force. U.S. investors are guaranteed national treatment and are provided a number of protections, including protection against expropriation. Representatives of the United States and Taiwan signed a Trade and Investment Framework Agreement (TIFA) in 1994 to serve as the basis for consultation on trade and investment issues. TIFA discussions were suspended beginning in 2008 in response to Taiwan policies affecting U.S. beef imports, but resumed in 2013.

In July 2016, the Legislative Yuan passed anti-tax avoidance legislation, but the new rules will not take effect until Taiwan and the PRC conclude a prospective Cross-Strait Tax Agreement and Taiwan commits to voluntary adherence of the OECD's Common Reporting Standard for the automatic exchange of information of financial accounts.

Legal Regime

Transparency of the Regulatory System

Taiwan generally maintains transparent regulatory and accounting systems that conform to international standards. Taiwan's publicly listed companies have adopted the 2013 International Financial Reporting Standards (IFRS). Ministries generally originate business-related draft legislation and submit it to the Executive Yuan for review. Following approval by the Executive Yuan, draft legislation is forwarded to the Legislative Yuan for consideration. Legislators can also propose legislation.

Draft laws, rules, and orders are published on The Executive Yuan Gazette. The Taiwan authorities on December 25, 2015, first instituted a 14-day public comment period for new rules, but extended it to no less than 60 days beginning December 29, 2016. All draft regulations and laws are required to be available for public comment and advanced notice, unless they meet certain criteria that would allow a shorter window. While welcomed by the U.S. business community, the 60-day comment period is not uniformly applied. Draft laws and regulations of interest to foreign investors are regularly shared with foreign chambers of commerce for their comments. These announcements are also available for public comment on the National Development Commission's (NDC) public policy open discussion forum. Foreign chambers of commerce and Taiwan business

groups' comments on proposed laws and regulations, as well as Taiwan ministries' replies, are publicly posted on the NDC website.

The Executive Yuan Legal Affairs Committee oversees the enforcement of regulations. Ministries are responsible for enforcement, impact analysis, draft amendments to existing laws, and petitions to laws pursuant to their individual authorities. Impact assessments may be completed by in-house or private researchers. To enhance Taiwan's regulatory coherence in the wake of regional economic integration initiatives such as the Trans-Pacific Partnership, the NDC in March 2016 released a Regulatory Impact Analysis Operational Manual as a guideline for central government agencies, available in Chinese [here](#).

International Regulatory Considerations

Taiwan is not a member of any regional economic grouping. Although Taiwan is not a member of many international organizations, it voluntarily adheres to or adopts international norms, including in the area of finance, such as IFRS. MOEA in July 2014 notified other Taiwan agencies of the requirement to notify the WTO of all draft regulations covered by the WTO's Agreement on Technical Barriers to Trade and the Agreement on Sanitary and Phytosanitary Measures.

Legal System and Judicial Independence

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

Taiwan's court system is generally viewed as independent and free from overt interference by other branches of government. Taiwan established its Intellectual Property Court in July 2008 in response to the need for a more centralized and professional litigation system for IPR disputes. There are also specialized divisions in the District Courts and High Courts to deal with labor disputes. Foreign court judgments are final and binding, and enforced on a reciprocal basis. Companies can appeal regulatory decisions in the court system.

Laws and Regulations on Foreign Direct Investment

Regulations governing FDI principally derive from the Statute for Investment by Foreign Nationals and the Statute for Investment by Overseas Chinese. These two laws permit foreign investors to transact either in foreign currency or the NTD. The laws specify that foreign-invested enterprises must receive the same regulatory treatment accorded local firms. Foreign companies may invest in state-owned firms undergoing privatization and are eligible to participate in publicly financed R&D programs.

Amendments the Legislative Yuan passed in June 2015 to investment-related statutes clarified investment review criteria for mergers and acquisition transactions. Other amendments were proposed in 2015, but were not passed, including one that would replace a pre-investment approval requirement with a post-investment reporting system for investments under a USD 1.0 million threshold. Ex ante approval would still be required for investments in restricted industries and those exceeding the threshold. In 2015, Taiwan authorities ceased consideration of a private equity investment's impact on capital markets and resulting thin capitalization as review criteria. The MOEA in October 2016 released a supplementary document to clarify criteria that are listed on the [Investment Commission's Frequently Asked Questions website](#), located in Chinese. The

Investment Commission is currently drafting amendments to the Statute for Investment by Foreign Nationals to simplify the investment review process.

All foreign investment related regulations, application forms, and explanatory information can be found at [Investment Commission's website](#).

The Invest in Taiwan Portal also provides other [relevant information of interest to foreign investors](#), such as labor, entry and exit regulations.

Competition and Anti-Trust Laws

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

Expropriation and Compensation

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

Dispute Settlement

ICSID Convention and New York Convention

In part due to its unique political status, Taiwan is neither a member of the International Centre for the Settlement of Investment Disputes (ICSID) nor a signatory to the 1966 Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention). It also is not a signatory to the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention).

Investor-State Dispute Settlement

Foreign investment disputes with the Taiwan authorities are rare. Taiwan resolves disputes according to its domestic laws and based on national treatment or investment guarantee agreements. Taiwan has entered into bilateral investment agreements with countries including Singapore, Thailand, Malaysia, and India. Taiwan does not have an investment agreement with the United States. Taiwan's bilateral investment agreements serve to promote and protect foreign investments. DOIS is not aware of investment disputes involving U.S. investors, although there have been reports of disputes between U.S. investors and their local Taiwan partners.

International Commercial Arbitration and Foreign Courts

Parties to a dispute may pursue mediation by a court, a mediation committee of a town or city, and/or the Public Procurement Commission. Mediation is generally non-binding unless parties agree otherwise. Civil mediation approved by a court has the same power as a binding ruling under civil litigation. The Judicial Yuan announced that alternative dispute resolution will be one of the issues addressed in an upcoming National Judicial Conference. Arbitration associations in Taiwan include the Chinese Arbitration Association, Taiwan Construction Arbitration Association, Labor Dispute Arbitration Association, and Chinese Construction Industry Arbitration Association in Taiwan.

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

Bankruptcy Regulations

Taiwan has a bankruptcy law that guarantees creditors the right to share the assets of a bankrupt debtor on a proportional basis. Secured interests in property are recognized and enforced through a registration system. Bankruptcy is not criminalized in Taiwan. Corporate bankruptcy is generally governed by the Company Act and the Bankruptcy Act. In 2015, there were 162 rulings on bankruptcy petitions.

Industrial Policies

Investment Incentives

The Statute for Industrial Innovation provides the legal basis for offering tax credits for companies' R&D expenditures. MOEA also operates several R&D subsidy programs. MOEA's target industries for investment are IoT (including Asian Silicon Valley-related investments), smart machinery, biotechnology and biopharmaceuticals, green energy, national defense, the circular economy, and agriculture. Investors can receive tax incentives for investing in free trade zones, public construction, and biotechnology or biopharmaceuticals. Investment support from the central authorities may be available for priority projects. Industrial zones, export processing zones, science parks, and local governments offer various types of subsidies, financing, and tax deductions. Investors may receive low-interest loans or subsidies for participating in industrial R&D and industry revitalization programs. R&D tax credits, equivalent to 15 percent of total R&D expenditures, are available only to companies who file corporate income taxes in Taiwan. For a detailed list of investment incentives programs, please refer to the [Invest-in-Taiwan website](#).

Foreign Trade Zones/Free Ports/Trade Facilitation

The first free trade/free port zone began operation in 2004 at Keelung, Taiwan's northern port. Another four were established in 2005 at Taoyuan International Airport and the international harbors in Kaohsiung, Taichung, and Taipei. In May 2010 and August 2013, the Executive Yuan approved free trade zones at Suao and Anping ports, respectively, bringing total free trade zones in Taiwan to seven. Taiwan authorities have relaxed restrictions on the movement of merchandise, capital, and personnel into and out of these zones. As part of a broader restructuring and to increase the competitiveness of Taiwan's ports, the Ministry of Transportation and Communication established the Taiwan International Ports Corporation (TIPC) in 2012 to manage commercial activities of Taiwan's ports and free trade zones. TIPC facilitates cooperation with foreign shipping operations and related businesses. In addition to preferential tariff and fees, the foreign labor ceiling for manufacturers in the free ports zones is 40 percent.

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

Performance and Data Localization Requirements

Taiwan does not mandate local employment, but the authorities have incentivized foreign companies to hire more local staff with preferential measures, such as in the mutual fund industry. Except for restricted industries on the negative list, there is no restriction on foreigners taking roles in senior management or on boards of directors. Foreign investors have long expressed concerns over difficulties in recruiting skilled executives and professionals, citing the Employment Service Act's Qualifications and Criteria Standards (Article 46.1.1 to 46.1.6), in which hiring requirements depend on a company's operation history and revenues. In 2014, the authorities lifted the minimum monthly salary requirement for foreigners hired as academic research assistants or who were recent graduates of Taiwan colleges.

In October 2016, the Executive Yuan approved regulations addressing the barriers to the recruitment and retention of foreign professionals. The new rules would aim to simplify the policies related to visas, residence, insurance, naturalization, and retirement for foreign workers in Taiwan. The draft rules underwent a 60-day public comment period that concluded on March 6, 2017. Taiwan does not mandate any forced localization or performance requirements, and does not ask software firms to disclose their source code.

Protection of Property Rights

Real Property

Interests in property are enforced in Taiwan, and it maintains a reliable recording system for mortgages and liens. Taiwan law protects the land use rights of indigenous peoples. Taiwan's Land Act stipulated that forests, fisheries, hunting grounds, salt fields, mineral deposits, sources of water, and lands lying within fortified and military areas and those adjacent to national frontiers may not be transferred or leased to foreigners. Based on the Ministry of Interior's (MOI) Operational Regulations for Foreigners to Acquire Land Rights in Taiwan, foreigners coming from countries that provide Taiwan residents the same land rights will be allowed to acquire or set the same rights in Taiwan. In May 2015, the Cadastral Clearance Act was passed to promote better land registration management. As in other investment categories, Taiwan has specific regulations governing property acquisition by PRC investors.

Intellectual Property Rights

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

Taiwan took affirmative steps in 2016 toward establishment of a pharmaceutical patent linkage system, which is expected to enhance protection of innovative pharmaceuticals by preventing market approval of generic competitors to patent-protected medicines. In September 2016, the Executive Yuan submitted draft amendments to the Pharmaceutical Affairs Act (PAA) and Patent Law establishing the legal framework for patent linkage. Additional amendments to the PAA will provide three years of regulatory data protection for new indication drugs. The proposed Patent Law amendments would also strengthen protection for all forms of patents by extending the grace period for filing a patent to 12 months. Separate amendments to the Copyright Act submitted to the Legislative Yuan in September 2016 would provide criminal procedures and penalties in cases of circumvention of the technological protection measures; allow for prosecution with complaint for certain categories of copyright piracy; and provide specific protections for encrypted program-carrying satellite and cable signals, including civil remedies and criminal penalties. A separate set of comprehensive amendments to the Copyright Act is currently pending Executive Yuan review.

Taiwan's National Police Agency reported that the value of trademark and copyright seizures in 2016 totaled NTD 14.4 billion (USD 432 million), down from the NTD 19.5 billion (USD 630 million) in 2015. Taiwan Customs reported that the number of cases involving seizures of imported counterfeit branded goods declined from 199 cases in 2015 to 169 cases in 2016, with the majority of the violations involving computing, communication, and consumer products. Customs officials attribute the rise in seizures to increased detection of small parcel air freight shipments of counterfeit goods purchased from PRC e-commerce sites. The authorities prosecute IP infringement. Affirmed IP infringement cases by the Prosecutors' Offices of the District Courts totaled 7,436 cases in 2016, a six percent decline over the previous year.

A trademark or patent applicant must file an application with Taiwan's Intellectual Property Office (TIPO). TIPO normally renders a decision within six months after it receives all supporting documents. If the application is approved, the mark or patent will be published and registered after the applicant pays registration fees within two months upon receiving the approval notice. Taiwan's patent application review period has shortened from an average of 41 months in 2013 to 21 months in 2016, following the implementation of Patent Prosecution Highway (PPH) agreements with the United States, Japan, Spain, and the Republic of Korea in 2011, 2012, 2013, and 2015, respectively, with 1,553 requests to the United States filed by the end of 2016.

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

Financial Sector

Capital Markets and Portfolio Investment

Taiwan authorities welcome foreign portfolio investment in the Taiwan Stock Exchange (TWSE) and Taipei Stock Exchange, with foreign investment in 2016 accounting for 38 percent of TWSE capitalization. To add to the offshore banking units that have been in operation since 1983, Taiwan in recent years launched offshore securities and offshore insurance units, aiming to attract a broader investor base. The Financial Supervisory Commission (FSC) has switched to a negative list approach to regulating local banks' overseas business not involving the conversion of the NTD.

Taiwan's capital market is mature and active. As of the end of 2016, there were 892 companies listed on the TWSE, with total market trading volume of USD 610 billion (including transactions of stocks, Taiwan Depository Receipts, exchange traded funds, and warrants). Foreign portfolio investors are not subject to a foreign ownership ceiling, except in certain restricted companies, and are not subject to any ceiling on portfolio investment. The turnover ratio in the TWSE was down to 64.6 percent in 2016, and regulators have expressed concern about maintaining liquidity in small-cap stocks. Payments and transfers resulting from international trade activities are fully liberalized in Taiwan. A wide range of credit instruments, all allocated on market terms, are available to both domestic- and foreign-invested firms.

Money and Banking System

Taiwan's banking sector is healthy, tightly regulated, and competitive, with 39 banks servicing the market. The sector's non-performing loan ratio has remained below one percent since 2010, with a sector average of 0.28 in December 2016. Capital-adequacy ratios (CAR) are generally high, and several of Taiwan's leading commercial lenders are government-controlled, enjoying implicit state guarantees. The sector as a whole had a CAR of 13.25 percent as of September 2016, far above the Basel III regulatory minimum of 10.5 percent required by 2019. Taiwan banks' liquidity coverage ratio, which was required by Basel III to reach 100 percent by 2019, already averages about 132.8 percent as of September 2016. Taiwan's banking system is mostly deposit-funded and has little exposure to global financial wholesale markets. Regulators have encouraged local banks to expand to overseas markets, especially Southeast Asia, and to minimize exposure in the PRC. Taiwan Central Bank statistics show that Taiwan banks' PRC exposure on an ultimate risk basis steadily declined to USD 57 billion in the third quarter of 2016, after peaking at USD 94 billion in the third quarter of 2014. Taiwan's largest banks in term of assets are the wholly state-owned Bank of Taiwan, which has USD 154 billion in assets, followed by the state-controlled Taiwan Cooperative Bank, with USD 101 billion in assets. Taiwan's eight state-controlled banks jointly held nearly USD 710 billion, or 50 percent of the banking sector's total assets.

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

Foreign banks are allowed to operate in Taiwan as branches and foreign-owned subsidiaries, but financial regulators require foreign bank branches to limit their customer base to large corporate clients. To promote the asset management business in Taiwan, starting in May 2015, foreigners holding a valid visa entering Taiwan have been allowed to open an NTD account with local banks with passports and an ID number issued by the immigration office, replacing the previous dual-identification (passport and resident card) requirements.

Foreign Exchange and Remittances

Foreign Exchange

There are few restrictions in place in Taiwan on converting or transferring direct investment funds. Foreign investors with approved investments can readily obtain foreign exchange from designated banks. The remittance of capital invested in Taiwan must be reported in advance to the Investment Commission, but the Commission's approval is not required. Funds can be freely converted into major world currencies for remittance, but in order to retain funds in Taiwan they must be held in currency denominations offered by banks. In addition to commonly used U.S. dollar, euro, and Japanese yen-denominated deposit accounts, most Taiwan banks offer up to 15 foreign currency denominations. The exchange rate is based on the market rate offered by each bank. The NTD fluctuates under a managed float system.

Remittance Policies

There are no restrictions on remittances deriving from approved direct investment and portfolio investment. No prior approval is required if the cumulative amount of inward or outward remittances does not exceed the annual limit of USD 5 million for an individual or USD 50 million for a corporate entity. Declared earnings, capital gains, dividends, royalties, management fees, and other returns on investment may be repatriated at any time. For large transactions requiring the exchange of NTD into foreign currency that could potentially disrupt Taiwan's foreign exchange market, the Taiwan Central Bank may require the transaction to be scheduled over several days. There is no written guideline on the size of such transactions, but according to law firms servicing foreign investors, amounts in excess of USD 100 million may be affected. Capital movements arising from trade in merchandise and services, as well as from debt servicing, are not restricted. No prior approval is required for movement of foreign currency funds not involving conversion between NTD and foreign currency.

Sovereign Wealth Funds

Taiwan does not have a sovereign wealth fund, but has announced plans to establish a USD 330 million quasi-sovereign investment company to promote investment in innovative and other target industries.

State-Owned Enterprises

Taiwan launched privatization programs in 1989, transforming many SOEs into private industries. According to the NDC, there are 17 SOEs with stakes by the central authorities exceeding 50 percent, including official agencies such as the Taiwan Central Bank. Some existing SOEs are large in scale and exert significant influence in their industries, especially monopolies such as Taiwan Power (Taipower) and Taiwan Water. MOEA has stated it does not intend to privatize Taipower, but plans to restructure it as a new holding company under Electricity Act revisions passed in January 2017 that will gradually liberalize power generation and distribution. Other SOEs such as the CPC Corporation (formerly China Petroleum Corporation) and Taiwan Tobacco and Liquor remained industry giants after their sectors were opened to competition. CPC Corporation controls over 70 percent of Taiwan's gasoline retail market. In August 2014, the Aerospace Industrial Development Corporation (AIDC) was successfully privatized through a public listing on the TWSE. MOEA holds a 45.7 percent stake in AIDC and intends to lower its stake to 34 percent by 2017. The Labor Insurance Bureau ceased to be an SOE in 2014, but remained under the Ministry of Labor (MOL).

Taiwan has not adopted the OECD Guidelines on Corporate Governance for SOEs. In Taiwan, SOEs are defined as public enterprises in which the government owns more than 50 percent of shares.

Public enterprises with less than a 50 percent government stake are not subject to Legislative Yuan supervision, but authorities may retain managerial control through senior management appointments, which may change with each administration. Public enterprises owned by local governments exist primarily in the public transportation sector, such as regional bus and subway services. Each SOE operates under the authority of the supervising ministry, and government-appointed directors should hold more than one-fifth of an SOE's board seats. The Executive Yuan, the Ministry of Finance, and MOEA have criteria in place for selecting individuals for senior management positions. Each SOE has a board of directors, and some SOEs have independent directors sitting on the board.

Taiwan authorities retain control over some SOEs that were privatized, including through managing appointments to boards of directors. These enterprises include Chunghwa Telecom, China Steel, Taiwan Fertilizer, Taiwan Salt, CSBC Corporation (shipbuilding), Yang Ming Marine Transportation, and eight public banks. In February 2017, the Executive Yuan approved amendments to the Statute for Industrial Innovation, now pending legislative approval, to mandate an R&D quota for SOEs.

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

A list of all central government, majority-owned SOEs can be viewed [here](#).
[Privatization Program](#)

There are currently no privatization programs in progress. Taiwan's most recent privatization, of AIDC in 2014, included imposition of a foreign ownership ceiling of 10 percent due to the sensitive nature of the defense sector. Taiwan authorities have reportedly identified CPC Corporation, Taipower Company, and Taiwan Sugar as privatization targets. The Enforcement Rules of the Statute of Privatization of Government-Owned Enterprises may be viewed [here](#).

Responsible Business Conduct

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

Companies with more than NTD 10 billion (USD 330 million) in capital and firms with direct impact on consumers such as food processing, restaurants, chemicals, and financial services were mandated to prepare annual social responsibility reports as of 2015. According to the TWSE, 77 percent of Taiwan's top 100 companies have published social responsibility reports, and 30 percent (or 255) of all total listed companies have issued reports. In August 2014, the TWSE launched the Taiwan Top Salary 100 Index, a government effort to promote corporate social responsibility and

expand the use of profit-sharing for the benefit of employees. In June 2015, TWSE launched a Taiwan Corporate Governance 100 index. Taiwan Index Plus, an indexing subsidiary under the TWSE, will launch the Taiwan Sustainability 100 Index in 2017.

Taiwan's Securities and Futures Act mandates that all publicly-listed companies establish a compensation committee. Taiwan Index Plus, an indexing subsidiary under the TWSE, will launch the Taiwan Sustainability 100 Index in 2017.

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

Corruption

Taiwan has implemented laws, regulations, and penalties to combat corruption, including in public procurement. The Corruption Punishment Statute and Criminal Code contain specific penalties for corrupt activities, including maximum jail sentences of life in prison and a maximum fine of up to NTD 100 million (USD 3.3 million). Laws provide for increased penalties for public officials who fail to explain the origins of suspicious assets or property. The Government Procurement Act and the Act on Recusal of Public Servants Due to Conflict of Interest both forbid incumbent and former procurement personnel and their relatives from engaging in related procurement activities.

Guidance titled Ethical Corporate Management Best Practice Principles for all publicly-listed companies was revised in November 2014. It asks publicly-listed companies to establish an internal code of conduct and corruption-prevention measures for activities undertaken with government employees, politicians, and other private sector stakeholders. A Cabinet-level anti-money laundering office, formed in March 2017, announced plans to issue new rules in June 2017 to require the mandatory reporting of financial transactions by individuals with close links to Taiwan politicians. The U.S. government is not aware of cases where bribes have been solicited for foreign investment approval.

UN Anticorruption Convention, OECD Convention on Combating Bribery

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

Resources to Report Corruption

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

Political and Security Environment

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

Labor Policies and Practices

Taiwan's unemployment rate edged up from 3.78 in 2015 to 3.92 percent in 2016, while the unemployment rate for people aged between 15 and 24 years was 12.12 percent. MOI data show that 44 percent of Taiwan's population aged above 15 years is at least college-educated, but a MOL survey found that only 21 percent of Taiwan enterprises indicated a college diploma as a prerequisite. The size of Taiwan's labor force is decreasing as the society ages, with residents over 65 years of age expected to account for 20 percent of the total population by 2025. As of the end of 2016, there were 624,000 foreign blue-collar workers in Taiwan, of which 387,000 were working in the industrial sector. Industry groups claim that a lack of blue-collar workers is one of the major issues facing manufacturers operating in Taiwan and have urged the authorities to increase the ceiling on foreign workers. Skilled white-collar labor, especially in the information technology sector, remains a strength of Taiwan's talent pool. However, Taiwan's low wage growth compared with neighboring economies poses a challenge for talent recruitment and retention. Taiwan authorities sponsor training and certificate programs for college graduates to increase the talent pool for the manufacturing industry.

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

Labor flexibility is the main reason Taiwan firms hire temporary workers. Financial and logistics industries hire temporary workers for entry-level administrative positions such as customer services representatives, administrative clerks, security guards, and janitors. SOEs also hire contract workers. Companies in specific hardship (i.e., labor-intensive) industries are entitled to a higher foreign labor quota.

Labor unions have become more active in Taiwan over the past decade, and the Collective Agreement Act outlines the negotiation mechanism for collective bargaining in order to protect labor's interests in the negotiations. The number of effective collective bargaining agreements increased from 83 in 2012 to 698 in 2016. If a proposal is refused, a union may submit an application for arbitration to the MOL's Committee for Dispute Resolution for Unfair Labor Practices. Taiwan has labor dispute resolution mechanisms in operation at all levels of labor, and the authorities accept about 20,000 cases per year. Starting in 2011, an arbitration mechanism was introduced to preempt disputes through a professional and neutral mediation system, which resolved about 97 percent of all cases in 2016.

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

Taiwan authorities have adopted a series of measures to improve labor welfare, including raising the minimum wage, an executive order requiring a mandatory day off after six days on shift, and annulling the rule requiring migrant workers to return home every three years. In December 2016, amendments to the Labor Standard Act mandated one set rest day and one flexible rest day for all workers over a seven-day period, increased overtime compensation, and established an overtime ceiling. In seeking new revisions, foreign and domestic businesses opposed to the law have cited its lack of clarity, inflexibility, and potential to raise costs.

There were two notable labor disputes in 2016. Employees at Ta Chong Bank in January announced plans to strike in protest over the bank's sale by its foreign private equity owner to a Taiwan-based financial company, but the new buyer and seller reached agreement before the proposed strike date. On June 24, flight attendants at state-controlled flag carrier China Airlines went on strike for two days to protest new rules on the calculation of work hours, causing the cancellation of 112 flights. In response to the strike, Taiwan authorities appointed a new chairman at China Airlines and agreed to flight attendants' demands.

Link to the [U.S. Department of State Human Rights Report on Taiwan](#).

OPIC and Other Investment Insurance Programs

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

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2016	529,676	2016	519,150	IMF
Foreign Direct Investment	Host Country Statistical source**		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	2016	2015	2016	2015	
U.S. FDI in partner country (\$M USD, stock positions)	23,772	15,005			BEA
Host country's FDI in the United States (\$M USD, stock positions)	14,529	6,968			BEA
Total inbound stock of FDI as % host GDP	27.9	14.3			UNCTAD

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

** Taiwan FDI statistical source: MOEA. Taiwan FDI data reflect approved investments and do not take into account disinvestment.

Contact for More Information

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Trade & Project Financing

- Methods of Payment
- Banking System Business Customs
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- U.S. Banks and Local Correspondent Banks
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Methods of Payment

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

AIT's Commercial Section recommends that U.S. exporters minimize financial risk by requiring their Taiwan trading partners to finance their imports through L/Cs. A large majority of Taiwan's importers utilize L/Cs with validity of up to 180 days. On the whole, U.S. companies find Taiwan's trade finance system to be efficient and report no widespread pattern of deferred payment.

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

Banking Systems

As of February 2017, Taiwan has a Central Bank, 40 domestic banks (with 3,436 branch offices), and 29 local branches of foreign and mainland China banks. In addition, there are 23 credit cooperatives, 283 farmers' credit unions, and 28 fishermen's credit unions. These banks, cooperatives, and credit unions have traditionally played a dominant role in finance on the island. As of end of 2016, Taiwan banks' overall assets were NTD 45,751 billion (USD 1,525 billion); and their consolidated after-tax profits in 2016 reached to NTD 228 billion (USD 7.6 billion).

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

Taiwan's domestic banks offer a wide range of services – receiving deposits, making loans, handling trade financing and providing guarantees, and discounting bills and notes. Most are also involved in the securities business, in underwriting and trading securities and managing bond and debenture

issues, as well as in providing savings-account facilities. The Mega International Commercial Bank assists with long-term financing for industries and projects, while the Export-Import Bank of the Republic of China and the Farmers Bank focus on trade financing and agricultural development, respectively.

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

Foreign Exchange Controls

There are no foreign exchange (FX) limitations on trade, insurance and authorized investment transactions. Similarly, there are no FX limitations on repatriating capital and profits related to direct and portfolio investment, provided that such investment has been permitted or approved by Taiwan authorities. There are no limitations on inward and outward remittances not involving any exchange between the NT\$ and the foreign currency. All other inward or outward remittances for business firms are subject to a US\$50 million annual ceiling per account if such remittances involve exchange between the NT\$ and the foreign currency. Individuals are allowed to remit a maximum of US\$5 million yearly to or from overseas if such remittance involves exchange between the NTD amount and the foreign currency. Any remittance above these amounts for firms and individuals requires approval. Any single transaction of less than US\$100,000 by a non-resident may proceed directly through authorized banks. However, there is a reporting requirement for each foreign transaction involving NTD that exceeds NT\$500,000. Once a foreign investor is registered on the Taiwan Stock Exchange, that investor is free to choose any authorized foreign exchange bank to conduct foreign exchange transactions. Related details can be found in the "Regulations Governing Declaration of Foreign Exchange Receipts and Disbursements, or Transactions.

US Banks & Local Correspondent Banks

U.S. Commercial Banks Operating in Taiwan:

Bank of America

43 and 48F, No. 7 Xin Yi Rd.,
Sec. 5 Taipei City 11049, Taiwan
Tel: 886-2-8101-1288

Citibank N.A.

15F, No. 1, Song Zhi Road
Taipei City 11047, Taiwan
Tel: 886-2-8726-9821

JPMorgan Chase Bank, N.A.

8F, No. 108 XinYi Rd., Sec. 5
Taipei City 11047, Taiwan
Tel: 886-2-2725-9800

The Bank of New York Mellon

4F, No. 245 Dun Hwa S. Rd.,
Sec. 1 Taipei City 10689, Taiwan
Tel: 886-2-2771-6612

Major Local Correspondent Banks

Bank of Taiwan

No. 120, Sec. 1, Chongging S. Rd.,
Xhongzheng Dist., Taipei 10007, Taiwan
Tel: 886-2-2349-3456

Cathay United Bank

1F, No. 7, Songren Rd., Xinyi Dist.,
Taipei City 11073, Taiwan
Tel: 886-2-8722-6666

Chang Hwa Commercial Bank

No. 57, Sec. 2, Zhongshan N. Rd.,
Zhongshan Dist., Taipei City 10412, Taiwan
Tel: 886-2-2536-2951

China Trust Commercial Bank

No. 166, 168, 170, Jingmao 2nd Rd.,
Nangang Dist., Taipei City 115, Taiwan
Tel: 886-2-3327-7777

First Commercial Bank

No. 30, Sec. 1, Chongqing S. Rd.,

Zhongzheng Dist., Taipei City 10005, Taiwan
Tel: 886-2-2348-1111

Hua Nan Commercial Bank, Ltd.

No. 38, Sec. 1, Chongqing S. Rd.,
Zhongzheng Dist., Taipei City 10005, Taiwan
Tel: 886-2-2371-3111

Land Bank of Taiwan

No. 46, Guanqian Rd.,
Zhongzheng Dist., Taipei City 10047, Taiwan
Tel: 886-2-2348-3456

Mega International Commercial Bank Co., Ltd.

No. 100, Jilin Rd., Zhongshan Dist.,
Taipei City 10424, Taiwan
Tel: 886-2-2563-3156

The Shanghai Commercial & Savings Bank

No. 3, Sec. 1, Minguan E. Rd.,
Zhongshan Dist., Taipei City 104, Taiwan
Tel: 886-2-2581-7111

Taishin International Bank

No. 44, Sec. 2, Zhongshan N. Rd.,
Zhongshan Dist., Taipei City 10448, Taiwan
Tel: 886-2-2568-3988

Taiwan Cooperative Bank

No. 77, Guanqian Rd.,
Zhongzheng Dist., Taipei City 10047, Taiwan
Tel: 886-2-2311-8811

Project Financing

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

Web Resources

- [Trade Finance Guide](#): A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team.
- [Export-Import Bank of the United States](#).
- [Country Limitation Schedule](#).
- [OPIC](#).
- [Trade and Development Agency](#).
- [SBA's Office of International Trade](#).
- [USDA Commodity Credit Corporation](#).
- [U.S. Agency for International Development](#).
- [Central Bank \(Taiwan\)](#).
- [Financial Supervisory Commission](#), Executive Yuan.

Business Travel

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Business Customs

Business Cards

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

Dress and Business Etiquette

Taiwan weather is humid throughout the year. Light clothing is recommended during May-October while a jacket and sweater may be needed in the winter season. Outside of the office, dress can be

relatively informal on most occasions. For the summer season, businessmen usually wear short-sleeve shirts and ties. However, a suit and tie are advisable for more formal situations.

Tipping

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

Travel Advisory

Taiwan has a low level of violent crime, and most streets in Taipei and other cities are generally safe at any hour. While violent crime against foreigners is rare, visitors should exercise personal security countermeasures appropriate to any major U.S. metropolitan city. Pick-pocketing and petty thefts do occur in crowded areas, such as night markets and during large-scale public events. Extensive CCTV coverage of Taiwan's roadways, commercial and retail buildings, and exterior and interior public areas exists in all major cities, particularly Taipei, New Taipei City, and Kaohsiung. Therefore, crime victims should note the location and time of any incident so that police can review video footage. The Taiwanese are generally friendly toward foreigners and often will go out of their way to assist visitors. Taxi drivers, restaurateurs, store clerks, and other service employees are often particularly helpful to non-Chinese speaking foreign visitors. Traffic conditions present hazards to drivers and pedestrians alike and caution is advised when on or traversing roadways. For the latest information about Taiwan travel advisories, visit the [State Department Consular Information Sheet for Taiwan](#).

Emergency Telephone Numbers

Fire / Medical: 119

Police: 110

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

English Directory Assistance: 106

Visa Requirements

Non-Residents

U.S. passport holders who wish to enter Taiwan as a tourist or short-term visitor (less than 90 days) do not need a visa. No extensions or changes of status are permitted. The U.S. passport must be valid throughout the intended length of stay and the traveler must hold a confirmed return or onward air ticket. For stays longer than 90 days or plan to work or join family, a Taiwan visa is required prior to traveling. The processing fee for a Taiwan tourist/business visa is USD \$160. U.S. investors and their immediate family members may qualify for a residency visa or a five-year, multiple-entry visitor visa with 60-day duration of stay, the fee for which is USD \$205. Visit the [Taipei Economic and Cultural Representative Office \(TECRO\)'s website](#) for the most current non-resident visa information.

Taipei Economic and Cultural Representative Office (TECRO)

4201 Wisconsin Avenue NW

Washington, DC 20016-2137

Telephone: (202) 895-1800 (Main Number)

Facsimile: (202) 363-0999 (Main Number)

Telephone: (202) 895-1814 (Consular Division)

Facsimile: (202) 895-0017 (Consular Division)

Email: usa@mofa.gov.tw or consular@tecro.us

For Emergencies: (202) 669-0180

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

Residents

Resident Visas are generally issued to applicants with valid work permits or those married to Taiwan nationals. When applying for a resident visa, applicants must submit supporting documents or official letters of approval from a competent authority in Taiwan, together with completed application forms. Normally, foreign nationals submit applications through their domestic Taiwan agents, representatives, or affiliates of their firms. A resident visa does NOT automatically convey permission to work in Taiwan. To legally work in Taiwan, a foreigner must generally possess both a work permit and a resident visa. Taiwan residence visas are managed by the local Bureau of Consular affairs and work permits are issued by the Workforce Development Agency under the Ministry of Labor.

For additional details about Taiwan visas, including current fees, please click [here](#).

For additional information about renewing a U.S. passport or other services for U.S. citizens in Taiwan, please visit the [American Institute in Taiwan \(AIT\)'s website](#).

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

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

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

- [State Department Visa Website](#).
- [U.S. Visas](#).

Currency

The New Taiwan Dollar (NTD) 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 NTD notes are rarely seen in circulation.

Each foreign visitor can bring up to NT\$60,000, RMB\$20,000, and US\$10,000 into or out of Taiwan, and is required to declare amounts in excess of the above to customs when entering or departing the island. Foreign currency can be exchanged at the airport as well as authorized banks and hotels. As of 2013, there were over 3,300 authorized foreign exchange bank branches around Taiwan.

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

Telecommunications/Electric

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. Mobile phone operators offer preferential rates or packages. The Global System for Mobile Communications (GSM) is the standard for cellular phone service. Broadband and WiFi services are easy to procure, and free public WiFi is available in major cities. In addition, fiber optic DSL connections are readily available in major cities with service up to 100/10 MB per second. According to the International Telecommunications Union, over seventy percent of the Taiwan population has access to the internet. Facsimile machines 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, as well as some convenience stores, offer facsimile services.

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

Transportation

Air Travel

Taiwan has two major international airports: Taoyuan Airport in the north (about 40km from Taipei City) and Hsiaokang Airport in Kaohsiung City, in southern Taiwan. Taoyuan Airport (known as TPE) is the primary gateway to the island. The Kaohsiung airport offers regular flights to major destinations in the region. Taipei Song Shan Airport, located within downtown Taipei, offers direct flights to and from Tokyo Haneda and major cities in mainland China. Taichung International Airport and Tainan Airport offer flights to and from destinations in Japan, Korea, Vietnam, Hong Kong, Macau, or China. Airports throughout Taiwan offer flights between major cities **and outlying islands**.

Airport Pickup

It generally takes 40 minutes to one hour to travel from Taoyuan Airport to Taipei by car or bus. Airport buses to major hotels and transportation centers in Taipei depart from the airport every 20 minutes and tickets cost up to NT\$150 (approximately US\$4.25) per person. Buses from Taoyuan Airport to Hsinchu, Taichung, Changhua, Tainan, and Kaohsiung are also available.

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

Kaohsiung's Hsiaokang Airport is located 20 minutes from downtown and costs about NT\$300 (US\$10) by taxi. Metered taxis charge a NT\$50 surcharge from the international terminal and there is a NT\$10 surcharge for luggage service. Several bus services are available at a low cost as well.

Taxis

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

There is a surcharge of NT\$20 during the day (NT\$40 at night) in effect for the two days before the eve of the Chinese New Year until the end of the holiday period. While some taxi drivers speak a

little English, visitors are strongly advised to present taxi drivers with the address of their desired destination written in traditional Chinese.

Rail

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 can travel the entire 355 kilometers from Taipei to Kaohsiung in 96 minutes, as opposed to 4.5 hours by conventional rail. The one-way fare for Taipei-Kaohsiung is around NT\$1,630 (US\$55). 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).

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

Buses

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

Car Rental

Limousines with drivers may be booked through hotels or car rental companies for about NT\$9,000 (US\$290) per eight-hour day. Self-drive rental cars are also available at rates that start at around NT\$2,000 (US\$67) a day. An international driver's license is required, as well as a credit card for a deposit.

Language

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

Health

Tap water in the major cities of Taiwan is drinkable. Visitors should take special care to wash all fruits and vegetables before eating. Although gastrointestinal illness is not rampant, it may be wise to avoid eating in any of the island's countless street stalls, for at least the first few weeks after arrival.

There are several international-standard private and public hospitals and clinics. Taiwan also offers high-quality dental care, with most clinics being privately operated. The majority of doctors and dentists in Taiwan speak English well. Qualified foreign nationals with Alien Resident Certificates

(ARCs) and their family members can apply for coverage under the National Health Insurance Program (NHIP). International visitors do not qualify for local health insurance. Foreign visitors to Taiwan should possess health insurance that covers healthcare services in Taiwan. It is also very important that foreign travelers make sure to have medical evacuation insurance, as most health insurance plans do not include this benefit.

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 bring a sufficient supply of any specific medications that they might require. Emergency medical treatment can be requested by dialing 119 from a local phone.

Local Time, Business Hours and Holidays

Local Time

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

Business Hours

In general, business hours are 9:00 am to 5:30 pm for office workers and 8:00 am to 5:00 pm for factory workers, with a one-hour lunch break. Banks are open from 9:00 am to 3:30 pm without a lunch break. Most shops and retail stores are open daily from 11:00 am to 10:00 pm. Restaurants generally run from 11:00 am to 10:00 pm.

Holidays

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

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

Temporary Entry of Materials or Personal Belongings

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

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

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

Travel Related Web Resources

The Taiwan Tourism Bureau has a wealth of information about traveling in Taiwan on [its website](#).

For the latest information about Taiwan travel advisories, visit the [State Department Consular Information Sheet for Taiwan](#).

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