



TAIWAN

An Asia-Pacific Logistics Hub

Taiwan is geographically located at the Asia-Pacific transportation hub connecting Northeast and Southeast Asia. Convenient travel from its world-class international airports makes it possible to fly in an average of just 2 hours 55 minutes from Taipei to six major cities in the western Pacific: Tokyo, Seoul, Beijing, Shanghai, Hong Kong and Singapore. Convenient transport from its world-class harbors makes it possible to ship goods in an average of just 53 hours from the Port of Kaohsiung to five major ports in the region: Manila, Singapore, Hong Kong, Shanghai and Tokyo. Taiwan serves not only as an important bridge connecting Europe, America and Japan to emerging Asia-Pacific markets but also as a preferred location for multinationals to establish Asia-Pacific headquarters.

A Platform Linking to the World

Neighboring Taiwan to the west is the engine of global economic growth and the world's second-largest economy, Mainland China. To the north is the world's third-largest economy, Japan, and to the east is the world's largest economy, the United States. To the south are the 10 states of the Association of Southeast Asian Nations. Taiwan's excellent location places it in an ideal position to compete economically in Asia.

As the center of the global economy gradually moves from west to east, attention is shifting from mature to emerging markets. Whether in terms of language, geography or culture, Taiwan's proximity to the Mainland China market is indispensable. Other advantages, such as the ability to innovate, manufacturing strength, and the integration of Taiwanese businesses into Asian industrial chains, lead international enterprises to choose Taiwan as their base for entering Mainland China and the emerging markets of Asia. They then use Taiwan as a platform to expand worldwide.



Excellent Performance in International Rankings

Taiwan's investment environment scores highly in numerous international rankings. In the “Global Competitiveness Report 2018,” issued by the World Economic Forum, Taiwan ranks 13th out of 140 economies and fourth in the Asia-Pacific. The Economist Intelligence Unit forecasts Taiwan's business environment to be 14th best in the world during the 2014 – 2018 period.

In the third “Business Environment Risk Intelligence” report of 2018, Taiwan ranks as the world's fourth best investment destination, trailing Switzerland, Norway and Singapore. In the World Bank's “Doing Business 2019” report, Taiwan finished 13th out of 190 economies for ease of doing business.

Strong Industrial Clusters

The distribution of industrial clusters in Taiwan can generally be broken down into electronics and technology in the north, precision machinery in central regions, and petrochemicals and heavy industry in the south. The World Economic Forum's “Global Competitiveness Report 2018” names Taiwan's “State of Cluster Development” fifth best in the world. From upstream to midstream to downstream, Taiwan offers sound industrial supply chains that can meet client needs, offer fast responses and quickly provide customized components. In terms of quality and quantity, the competitive nature of Taiwanese products is a major reason why foreign investors choose the island as an investment destination.

The highly developed nature of its industrial clusters has helped Taiwan to become the world's second-largest information hardware producer, its semiconductor foundry industry and semiconductor packaging and testing industry to become tops in the world, its IC design industry to become second in the world and its PC products industry to become third. Another success story is the bicycle industry. In 2003, leading bicycle brands Giant and Merida recruited 18 component manufacturers to form what is known as the A-Team. Close cooperation and division of labor allow the A-Team to better meet customer needs by researching, developing and manufacturing products that satisfy leisure and professional needs. A-Team members work together to produce high-quality, high-cost, high-profit bicycles that are popular in international markets.



Excellent Labor Force

Taiwan's excellent labor force is boosted by its universal education system, which each year adds more than 300,000 new graduates at the junior college and university level or above. In 2017, 5.70 million employed persons, or 50.19% of the labor force, had at least a college degree.

In the World Economic Forum's "Global Competitiveness Report 2017 – 2018," Taiwan's ranking for labor market efficiency is number 25 out of 137 economies. This showing is attributed to a tax system that encourages people to work and an increase in the labor participation rate among women. The government continues to promote world-class universities and research centers that will turn Taiwan into an East Asian center for higher education and a major exporter of Chinese-language education. By drawing on these resources, multinational enterprises can satisfy the manpower needs associated with entering the Asia-Pacific market.

Sound Infrastructure

Taiwan has a dense, comprehensive transportation network. External links include highly developed sea and air transport systems that connect via seven international harbors and 17 airports. Internal links include railways and highways, such as the island-wide conventional rail and highway systems, the west coast high-speed rail line, a national freeway system and several east-west expressways that link the north-south freeways. Taipei and Kaohsiung also have metro systems. These convenient transportation networks make it possible to travel anywhere in Taiwan in just one day while allowing for cost-effective, fast and efficient shipment and storage of commercial goods.

Other advantages include relatively inexpensive water, electricity and telecommunications utilities that approach 100% penetration. In 2015-2016, the World Economic Forum's "Network Readiness Index" placed Taiwan 18th in the world, in part due to the widespread availability of network applications. Taiwan's e-government services are among the best in the world, and its advanced digital technology is another strong attraction for foreign commercial enterprises.



Sound Legal Environment

Taiwan's Constitution stipulates that issues concerning human rights and contractual obligations and duties should be clearly prescribed by law; therefore, businesses find that regulations relating to taxes and fees are transparent and clear. Taiwan enjoys a healthy and independent legal system, with the average Taiwanese citizen having a high sense of awareness and respect for the law. Predictability and stability in business operations, therefore, are high. At the same time, commercial regulations are quickly adjusted in line with changing international norms and foreign investors enjoy substantial protection under the Statute for Investment by Foreign Nationals.

Sound Intellectual Property Protection

Taiwan's intellectual property laws are open and transparent. Not only do they meet the basic guidelines established under international treaties, they have also undergone revisions in response to business and international intellectual property law developments. Furthermore, Taiwan continues to strengthen the efficiency and quality of the patent and trademark application review process while also optimizing online application and status tracking systems to provide companies with even better service. Taiwan has established a court dedicated to hearing intellectual property cases and an IPR police force dedicated to investigating counterfeiting and piracy. In response to technology and Internet developments and the strengthening of protection for business secrets, Taiwan has focused specifically on enhancing the professional training of law enforcement personnel. Thus, the overall climate for protecting intellectual property is complete and friendly for intellectual property holders and has won the praise of multinational corporations and IPR organizations alike.

In 2010, Taiwan and Mainland China signed the "Cross-Strait Agreement on Intellectual Property Rights Protection and Cooperation," which provides an official channel for Taiwanese to apply for and claim patents, trademarks and plant variety rights. An official working group and platform ensure adherence and help Taiwanese businesses protect their intellectual property rights in Mainland China.

Taiwan is actively expanding international exchange and cooperation in the area of intellectual property and maintains close ties with the various institutions, chambers of commerce and organizations representing intellectual property rights holders. The government is also happy to receive progressive and constructive feedback with regard



to intellectual property protection so that we may establish a positive intellectual property environment and provide businesses with safeguards with regard to their R&D and innovations, which in turn boosts business opportunities and economic development.

A Friendly Fundraising and Financing Environment

Abundant capital, stable exchange rates, and relatively low interest rates and capital costs make Taiwan a friendly environment for fundraising and financing. Policies to attract foreign investment include relaxing restrictions on foreign enterprises that seek to raise capital and simplifying fundraising administrative procedures.

In terms of direct financing, the cost of listing on an exchange or over the counter is lower in Taiwan than in

Hong Kong or China. The price-earnings ratio and price-to-book ratio of shares are reasonable and liquidity is good. As of the end of October 2017 there were 67 foreign companies with a primary listing in Taiwan and 33 foreign companies with a primary OTC listing on the island. Opening of the Go Incubation Board for Startup and Acceleration Firms (GISA) and an exchange-based crowd funding program has further diversified Taiwan's fundraising channels.

In terms of indirect financing, Taiwan's high savings rate is a source of abundant capital and its low interest rates reduce the cost of financing. Incentives offered to banks that provide loans to SMEs and innovative industries further spread bank financing services to businesses of all types and sizes.

A Diverse Culture of Innovation

Taiwan boasts a thriving R&D sector. Innovative elements bring worldwide popularity to its high-tech consumer electronic products, chain store services, bicycles, pearl milk tea and Chinese-language music.

The World Economic Forum (WEF) has listed Taiwan as an innovation-driven economy. In the 2017 WEF Global Competitiveness Report's innovation pillar, Taiwan was ranked 11th globally and 3rd in Asia, just behind Japan and Singapore; in terms of company R&D expenditure investment levels, Taiwan was ranked 10th globally. In the Global



Entrepreneurship Development Institute's Global Entrepreneurship Index report, Taiwan was ranked 11th in terms of Entrepreneurial Aspirations. These rankings show that whether in terms of actual company R&D expenditures or entrepreneurial aspirations, Taiwan is among the countries leading the way forward. They also show that, coupled with Taiwan's industry cluster development and its long-term competitiveness (2nd in the WEF global competitiveness index report), these factors have fostered a diverse and innovative local culture and excellent environment. Aside from this, Taiwan also has more than 10 technology research institutions, including Industrial Technology Research Institute and the Institute for Information Industry, which are not only responsible for leading the island's industrial development but also for cultivating a large number of science and technology research and development talent, making them ideal partners for foreign companies seeking to enter the Asia-Pacific and global markets.

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