25th UK-Taiwan Trade Talks
British Business Survey Results
In collaboration with the British Chamber of Commerce in Taipei

October 2022
A message from Representative John Dennis

Dear British Businesses,

Taiwan’s economy has continued to grow steadily in 2022 as it relaxes borders and pandemic restrictions at a sensible pace. Our survey of British businesses operating in Taiwan, conducted in June-July 2022, indicates optimism in the business community. Businesses recognise the dynamism of Taiwan’s economy, with firms across a range of industries planning to expand in the coming years.

With bilateral trade between the UK and Taiwan reaching a record high of £8.34bn in 2021, I am confident and excited about the prospects for British businesses in this market.

We continue to strengthen economic ties with Taiwan as a part of the UK’s wider enhancement of partnerships in the Indo-Pacific region. The UK is committed to working towards a positive vision of economic, trade and investment growth with global partners.

The responses to this survey are very valuable; giving us insights into the outlook of businesses as well as their particular concerns, which we are then able to draw upon in our annual UK-Taiwan Ministerial level Trade Talks. Where challenges exist, we take every available opportunity to raise these with the relevant authorities and work with them to find solutions.

I would like to thank the British Chamber of Commerce in Taipei for assisting with the survey and for their continued support for UK business in Taiwan. I am excited to see the growth which the Chamber has achieved in 2022, and I look forward to seeing that continue through 2023 and beyond.

Yours,
John Dennis
British Representative
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1. Overview of survey and respondents

This survey was conducted by the British Office Taipei between June and July 2022 in collaboration with the British Chamber of Commerce in Taipei.

We asked companies a range of questions on their business outlook, projections for the future, reactions to a number of international events and implications on their operations.

We collected the views of companies across different industries and of varying sizes. This includes companies relatively new to the market (under 5 years), and companies that have been in Taiwan for over 20 years (see appendix A for full results).

A total of 44 companies responded to our survey, 38 are UK companies, the remaining six either represent UK companies or distribute UK products.

Respondents had an average annual turnover of £25.1m in Taiwan.

Most of the companies (86%) have offices in Taiwan, 68% of them export goods or services to Taiwan from the UK, while around a third (34%) trade with the Taiwanese market from a third location outside of the UK. A fifth of the companies (20.4%) export Taiwanese goods and services to the UK.

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**DO YOUR OPERATIONS IN TAIWAN PROVIDE GOODS AND/OR SERVICES FOR THE FOLLOWING MARKET?**

- **Taiwan**: 100%, 92%, 91%
- **China/Hong Kong/Macau**: 41%, 19%, 25%
- **Asia Markets Other Than China/Hong Kong and Macau**: 43%, 32%, 30%
- **UK**: 29%, 24%, 16%
- **European Markets Outside of UK**: 22%, 24%, 20%
2. Taiwan economic outlook

Respondents expressed a high degree of confidence in Taiwan’s economic prospects for the near and medium-term. Over 70% said they are positive about Taiwan’s economy in the next 1-3 years.
3. Taiwan business outlook

Consistent with respondents’ views on Taiwan’s economic prospects, the vast majority of businesses surveyed expected a positive business outlook, both in the next 12 months, and over the next 3 years. The results are in line with responses over the last three years.
When asked about potential expansion or contraction in business over the next 1-3 years, respondents indicated expansion in a wide range of technologies and services.

Respondents said they are planning to expand in: offshore wind and renewable energy, rail, semiconductors, software and quantum technologies, healthcare and medical, data, banking and investment, retail and education.

For respondents planning to expand the level of employment, around three-quarters are aiming to increase by up to 40% from that of the current level. Notably, nearly a fifth expect employment growth of over 80%.
4.1 Impact of US-China tensions

In general, respondents did not feel their businesses have been particularly influenced by US-China tensions. To note, there were more respondents reporting positive impacts as well as more reporting negative impacts.

Overall, changes to respondents’ supply chains as a result of US-China tariffs appear minimal. But a small portion (7%) reported significant shifts in their supply chain, compared to none reporting significant impacts in 2021.
4.2 Impact of Russia-Ukraine war

Over a third of the respondents were affected by the Russia-Ukraine war to some extent, while 18% said they have not been affected at all.

With regard to the areas affected, respondents pointed to the rising costs of fuel and energy, delays and disruptions in sourcing key components and materials, as well as container shortages concerning logistics and freight.
4.3 Impact of CPTPP accession

No respondents expect the **UK intention to accede to CPTPP** would have negative impacts on their operations in Taiwan, though more respondents hold neutral views than last year.

In terms of **Taiwan’s intention to join CPTPP**, 55% of respondents anticipate positive impacts to their business in Taiwan and the APAC region.
5.1 Covid-19 and policy response

Fewer companies than last year said their business performance was negatively impacted by the pandemic, with around 15% of respondents reporting positive impacts, compared to none in 2021.

‘How did Taiwan’s COVID-19 response policies impact your operations?’

<table>
<thead>
<tr>
<th>Policies</th>
<th>Positive</th>
<th>Neutral</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vaccination rollout</td>
<td>58%</td>
<td>33%</td>
<td>9%</td>
</tr>
<tr>
<td>Issuance of 5000 NTD stimulus coupon</td>
<td>19%</td>
<td>79%</td>
<td>2%</td>
</tr>
<tr>
<td>Salary subsidies</td>
<td>12%</td>
<td>83%</td>
<td>5%</td>
</tr>
<tr>
<td>Credit guarantee and loan extensions for enterprises</td>
<td>14%</td>
<td>81%</td>
<td>5%</td>
</tr>
<tr>
<td>Quarantine policies for foreign arrivals</td>
<td>5%</td>
<td>23%</td>
<td>73%</td>
</tr>
</tbody>
</table>

Although respondents praised the swift response to the pandemic, many commented that border restrictions had affected the willingness of foreign talent to relocate to Taiwan, and thought relaxation measures had been slow to keep pace with regional peers.

Some also pointed out that foreign nationals were not eligible for stimulus programmes such as salary subsidies.
Taiwan published its Net Zero Pathway in March this year; 57% said this climate goal will play at least some role in their company’s strategy, including 41% saying it would play a significant role, a fall from last year’s 69%.

A majority said they are aware of Taiwan’s plans to introduce carbon pricing measures, and expect these measures would have positive effects on their business in Taiwan.
5.3 Bilingualism policy

There was a 20% increase in respondents holding positive attitudes towards Taiwan’s Bilingualism 2030 policy since last year. This year, as high as 91% of the respondents thought the 2030 goal is helpful for Taiwan’s economic development.
6. Doing business in Taiwan

In the key areas of regulatory protection, standards and procedures, and business environment, respondents particularly found **recognition of professional qualifications, intellectual property rules, and the availability of skilled workers** positive for their operations. In contrast, bureaucracy was the area that received the most negative responses.

‘How do you view the following aspects of doing business in Taiwan for your operations?’

<table>
<thead>
<tr>
<th>Areas</th>
<th>Very positively</th>
<th>Positively</th>
<th>Neutral</th>
<th>Negatively</th>
<th>Very negatively</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory compliance requirements</td>
<td>2%</td>
<td>32%</td>
<td>36%</td>
<td>23%</td>
<td>7%</td>
</tr>
<tr>
<td>Customs procedures</td>
<td>2%</td>
<td>25%</td>
<td>52%</td>
<td>16%</td>
<td>5%</td>
</tr>
<tr>
<td>Bureaucracy</td>
<td>2%</td>
<td>19%</td>
<td>28%</td>
<td>44%</td>
<td>9%</td>
</tr>
<tr>
<td>Public procurement</td>
<td>2%</td>
<td>14%</td>
<td>65%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Recruitment of skilled employees from overseas and labour law requirements</td>
<td>5%</td>
<td>23%</td>
<td>41%</td>
<td>25%</td>
<td>7%</td>
</tr>
<tr>
<td>Recognition of professional qualifications</td>
<td>5%</td>
<td>36%</td>
<td>39%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Recognition of products standards</td>
<td>7%</td>
<td>30%</td>
<td>39%</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>Levels of taxation</td>
<td>9%</td>
<td>27%</td>
<td>48%</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Intellectual Property rules</td>
<td>2%</td>
<td>50%</td>
<td>41%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Domestic protection</td>
<td>2%</td>
<td>14%</td>
<td>45%</td>
<td>30%</td>
<td>9%</td>
</tr>
<tr>
<td>Transparency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Availability of skilled workers locally</td>
<td>5%</td>
<td>41%</td>
<td>20%</td>
<td>32%</td>
<td>2%</td>
</tr>
</tbody>
</table>
7. Suggestions for Taiwan’s policy focus

We asked respondents to give their perspective on what Taiwanese policymakers should focus on changing in the next two years.

Results suggest UK businesses are concerned about energy policy: working towards a sufficient energy supply came up as the top priority that UK business thought Taiwan should focus on.

The next three priorities were talent development, diversifying trading partners, and cross-Strait relations.

‘Please rank the priority areas you think Taiwan policymakers should focus on in the next 2 years. (1 represents the highest priority, 6 represents lowest priority)’

<table>
<thead>
<tr>
<th>Priority Areas</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sufficient energy supply</td>
<td>1</td>
</tr>
<tr>
<td>Talent development</td>
<td>2</td>
</tr>
<tr>
<td>Diversify international trading partners</td>
<td>3</td>
</tr>
<tr>
<td>Cross-Strait relations</td>
<td>4</td>
</tr>
<tr>
<td>Diversify domestic industry</td>
<td>5</td>
</tr>
<tr>
<td>Pandemic control</td>
<td>6</td>
</tr>
</tbody>
</table>
8.1 Sectoral results: financial services

Note: for this section respondents were divided into 11 sectors, and grouped into 7 categories to answer targeted questions concerning their operations in Taiwan.

We asked financial services respondents to assess Taiwan’s progresses in three main areas.

Respondents did not report seeing much progress in any of the three areas.

Digitalisation of financial services was perceived as the area with the greatest progress, in comparison to data-sharing openness and financial innovation policies.

Companies suggested Taiwan would benefit from benchmarking to regional peers and providing greater definition of a roadmap for innovation and further opening of the sector.

‘How would you assess Taiwan’s progress in the following areas in scale? (1 represents the least progress, 5 represents the greatest progress)’

<table>
<thead>
<tr>
<th>Areas</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial service digitalisation</td>
<td>9%</td>
<td>9%</td>
<td>55%</td>
<td>18%</td>
<td>9%</td>
</tr>
<tr>
<td>Openness on data-sharing</td>
<td>0%</td>
<td>0%</td>
<td>64%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Policies to encourage financial innovation</td>
<td>0%</td>
<td>0%</td>
<td>64%</td>
<td>18%</td>
<td>18%</td>
</tr>
</tbody>
</table>
8.2 Sectoral results: energy

All respondents in the energy sector thought Taiwan’s Net Zero policy would benefit their business development. There were, however, concerns about the effectiveness of health, safety and environment regulations as well as management of ports.
8.3 Sectoral results: science and tech

Respondents in the science & tech sector were most satisfied about Taiwan’s R&D environment, and the support on acquiring entrepreneurship visas. UK businesses felt that more funding could be provided by Taiwan, as well as more support in resolving language barriers.

‘How satisfied are you with the support from Taiwan on science and tech?’

Tech policy inclusiveness

Official funding

R&D environment

Regulatory friendliness (e.g. Sandbox)

Entrepreneurship/golden Visa

Language barriers
8.4 Sectoral results: biotech & pharma

Among Taiwan’s healthcare policies, respondents in the biotech and pharma sector were most optimistic towards the support for Taiwan’s ageing population. The results suggest there is room for improvement on market access for innovative drugs. One in five had concerns with Taiwan’s reforms of national health insurance, and the reimbursement mechanism for drugs.

‘Regarding Taiwan’s healthcare policy, how positive are you about the following aspects?’
8.5 Sectoral results: food & beverage

Respondents thought Taiwan could improve the clarity of its regulations on food and beverage imports. 60% of the respondents did not agree that Taiwan's border inspections of food and beverage products are fair and consistent with international standards.
8.6 Sectoral results: transport & infrastructure

Policies for supporting green infrastructure and standards equivalence recognition between UK and Taiwan were perceived positively by respondents. The neutrality of commercial decisions, by contrast, was the area that respondents expressed the most negative attitude towards.

‘How positive are you about the following aspects?’

- Policies to support green transportation, infrastructure or energy: 33% very positive, 67% somewhat positive, 0% neutral, 0% somewhat negative, 0% very negative
- Standards equivalence recognition between Taiwan and the UK: 33% very positive, 67% somewhat positive, 0% neutral, 0% somewhat negative, 0% very negative
- Sufficient business consultation before drafting new regulations: 33% very positive, 67% somewhat positive, 0% neutral, 0% somewhat negative, 0% very negative
- Fairness and transparency in public procurement: 33% very positive, 67% somewhat positive, 0% neutral, 0% somewhat negative, 0% very negative
- Neutrality of commercial decision-making (i.e. no political interference): 33% very positive, 67% somewhat positive, 0% neutral, 0% somewhat negative, 0% very negative
- Health and Safety Standards: 33% very positive, 67% somewhat positive, 0% neutral, 0% somewhat negative, 0% very negative
8.7 Sectoral results: education & leisure

Respondents in the education and leisure sector provided open feedback. One respondent said the company would like to be more connected with Taiwan on opportunities to promote the 2030 bilingualism goal. Another thought Taiwan’s 20% tax on purchasing services from overseas in general is too steep, and adds significant costs to their services.

9. Feedback on the British Office

86% of the respondents had a positive attitude towards the support they receive from the British Office Taipei.

“What is your impression of the support you receive from the British Office?”
10. Appendix: background of respondents

**Respondents by Industry**
- Aerospace: 11%
- Agriculture, horticulture, and fisheries: 7%
- Biotechnology and Pharmaceuticals: 11%
- Consultancy: 16%
- Education and training: 16%
- Electronics and IT hardware: 16%
- Energy: 16%
- Financial services: 2%
- Food and beverage: 2%
- IT Software: 5%
- Leisure and tourism: 2%
- Railways: 2%

**Market Operations of Respondents**
- Taiwan: 91%
- China/HK/Macao: 30%
- Asia other than Taiwan, China/HK/Macao: 16%
- UK: 11%
- Europe outside of the UK: 11%
- Other: 5%

**Number of Employees**
- 0 - No office in Taiwan: 5%
- 1 - 5: 16%
- 6 - 100: 65%
- 100 - 200: 5%
- Over 200: 23%

**Number of Years Doing Business in Taiwan**
- 0 - 1: 2%
- 1 - 5: 33%
- 5 - 10: 11%
- 10 - 20: 9%
- Over 20: 43%

**Business Services of Respondents**
- Have an office in Taiwan: 100%
- Export goods or services from Taiwan: 50%
- Export goods and services to Taiwan from another location: 23%
- Export goods or services to Taiwan from the UK: 50%
For more information, please contact

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