



British Office
英國在台辦事處

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

Contents

1. Overview of survey and respondents
2. Taiwan economic outlook
3. Taiwan business outlook
4. Impacts of external factors
 - 4.1 US-China tensions
 - 4.2 Russia-Ukraine war
 - 4.3 CPTPP accession
5. Domestic policy
 - 5.1 Covid-19 and policy response
 - 5.2 Climate policy
 - 5.3 Bilingualism policy
6. Doing business in Taiwan
7. Suggestions for Taiwan's policy focus
8. Sectoral results
 - 8.1 Financial services
 - 8.2 Energy
 - 8.3 Science and tech
 - 8.4 Biotech & pharma
 - 8.5 Food & beverage
 - 8.6 Transport & infrastructure
 - 8.7 Sectoral results: education & leisure
9. Feedback on the British Office
10. Appendix: background of respondents

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.

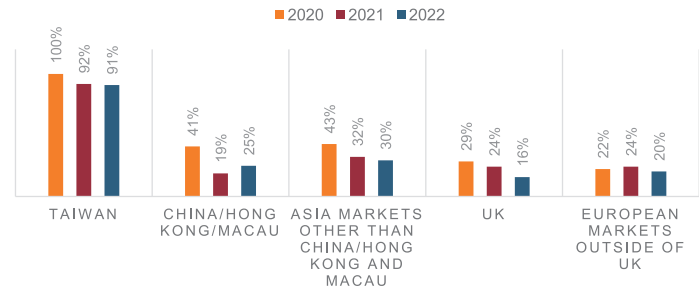
We collected the views of companies across different industries and of varying sizes. This includes companies relatively new to the market (under 5 years), and companies that have been in Taiwan for over 20 years (see appendix A for full results).

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.

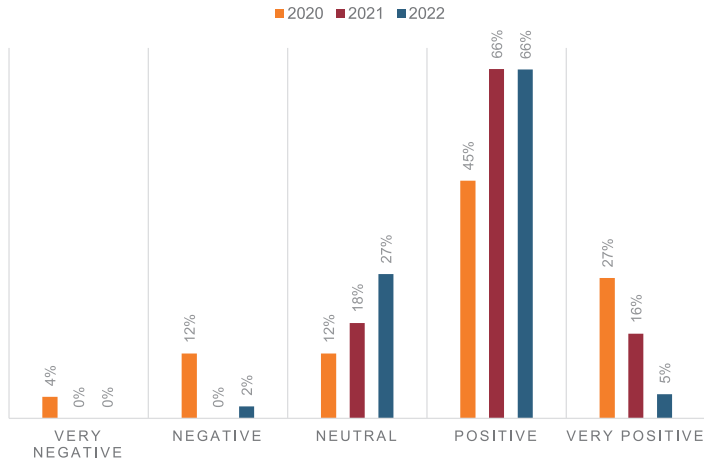
DO YOUR OPERATIONS IN TAIWAN PROVIDE GOODS AND/OR SERVICES FOR THE FOLLOWING MARKET?



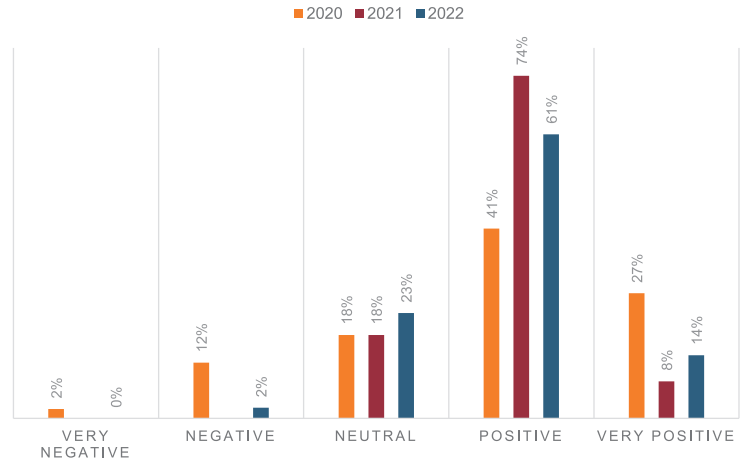
2. Taiwan economic outlook

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.

HOW WOULD YOU ASSESS TAIWAN'S ECONOMIC PROSPECTS OVER THE NEXT 12 MONTHS?



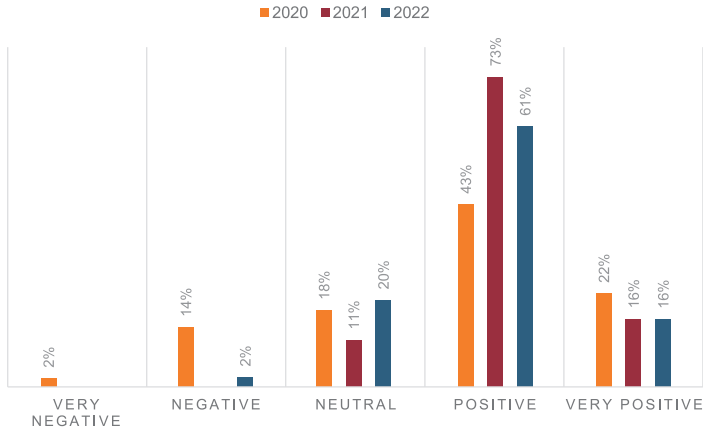
HOW WOULD YOU ASSESS TAIWAN'S ECONOMIC PROSPECTS OVER THE NEXT 3 YEARS?



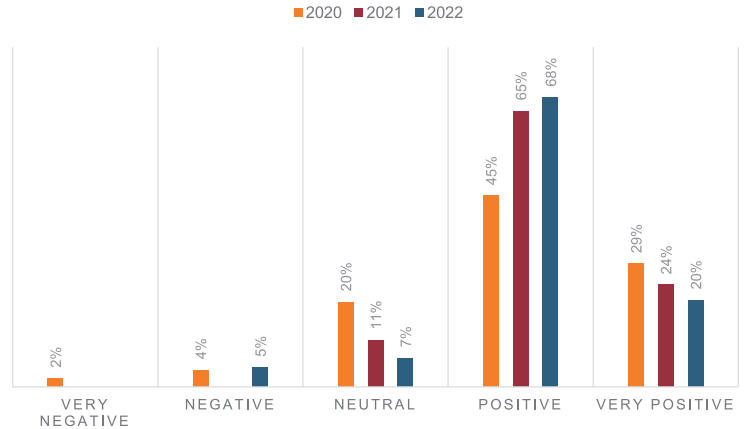
3. Taiwan business outlook

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.

HOW WOULD YOU DESCRIBE YOUR BUSINESS OUTLOOK OVER THE NEXT 12 MONTHS IN TAIWAN?



HOW WOULD YOU DESCRIBE YOUR BUSINESS OUTLOOK OVER THE NEXT 3 YEARS IN TAIWAN?



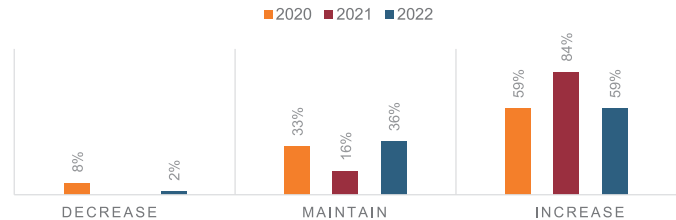
3. Taiwan business outlook (continued)

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.

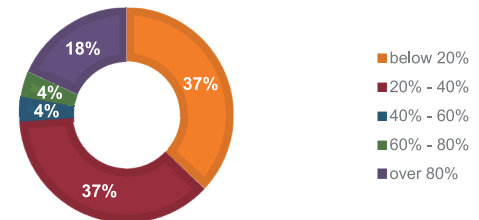
Respondents said they are planning to expand in: offshore wind and renewable energy, rail, semiconductors, software and quantum technologies, healthcare and medical, data, banking and investment, retail and education.

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%.

DO YOU EXPECT TO INCREASE YOUR EMPLOYMENT LEVEL IN TAIWAN OVER THE NEXT TWELVE MONTHS?



APPROXIMATELY HOW MUCH EMPLOYMENT GROWTH DO YOU EXPECT?

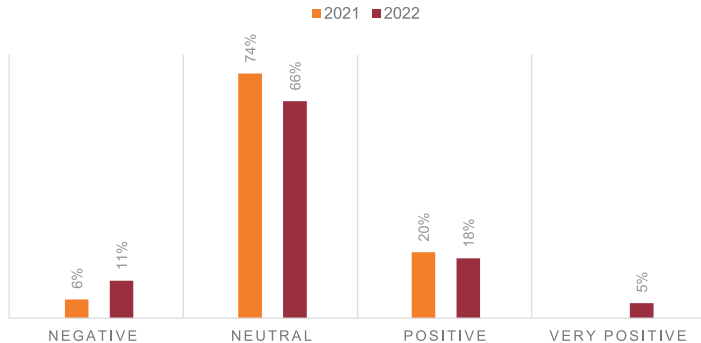


4.1 Impact of US-China tensions

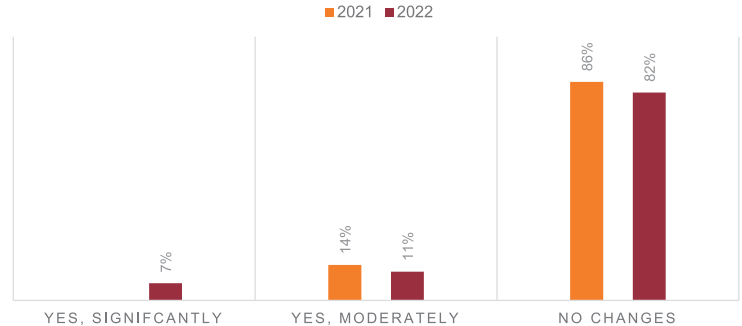
In general, respondents did not feel their businesses have been particularly influenced by US-China tensions. To note, there were more respondents reporting positive impacts as well as more reporting negative impacts.

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.

HOW HAS THE US-CHINA RIVALRY IMPACTED YOUR BUSINESS OPERATION IN TAIWAN?



HAVE THE INCREASED TARIFFS IMPOSED BY THE U.S. AND CHINA ON EACH OTHER CAUSED A SHIFT IN YOUR COMPANY'S SUPPLY CHAINS?

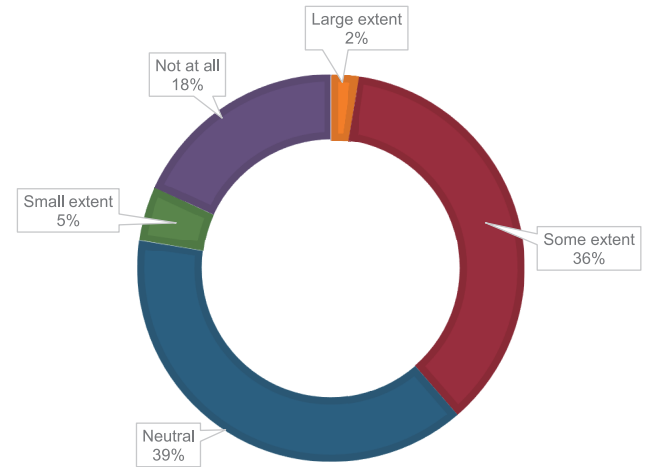


4.2 Impact of Russia-Ukraine war

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.

TO WHAT EXTENT HAS RUSSIA'S WAR AGAINST UKRAINE AFFECTED YOUR OPERATIONS OR PLANS IN TAIWAN?

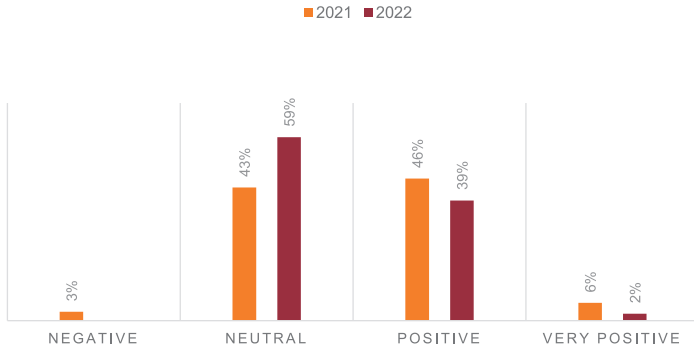


4.3 Impact of CPTPP accession

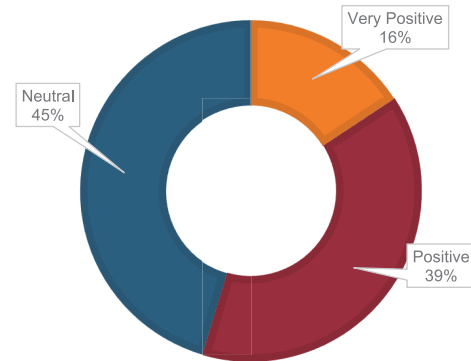
No respondents expect the **UK intention to accede to CPTPP** would have negative impacts on their operations in Taiwan, though more respondents hold neutral views than last year.

In terms of **Taiwan's intention to join CPTPP**, 55% of respondents anticipate positive impacts to their business in Taiwan and the APAC region.

WHAT ARE THE POTENTIAL IMPACTS FOR YOUR BUSINESS WITH TAIWAN OR THE ASIA-PACIFIC REGION OF THE **UK'S** INTENTION TO JOIN CPTPP?



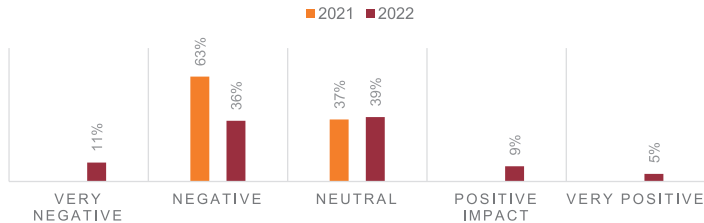
WHAT ARE THE POTENTIAL IMPACTS FOR YOUR OPERATIONS IN TAIWAN OR THE ASIA-PACIFIC REGION OF TAIWAN'S INTENTION TO JOIN CPTPP?



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.

WHAT HAVE BEEN THE IMPACTS OF THE COVID-19 PANDEMIC ON YOUR BUSINESS PERFORMANCE



Taiwan's vaccination drive had positive impacts for over half of respondents, while quarantines for foreign arrivals had negative impacts for nearly three-quarters of respondents.

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

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

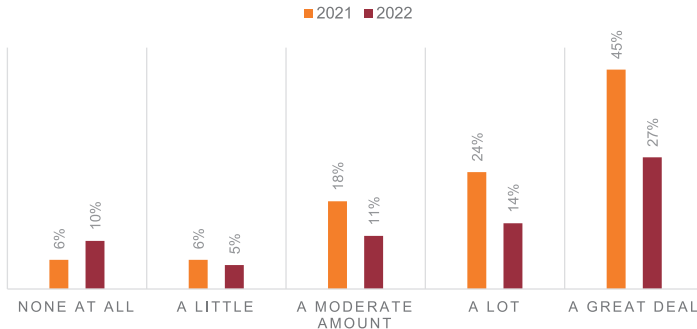
Although respondents praised the swift response to the pandemic, many commented that border restrictions had affected the willingness of foreign talent to relocate to Taiwan, and thought relaxation measures had been slow to keep pace with regional peers.

Some also pointed out that foreign nationals were not eligible for stimulus programmes such as salary subsidies.

5.2 Climate policy

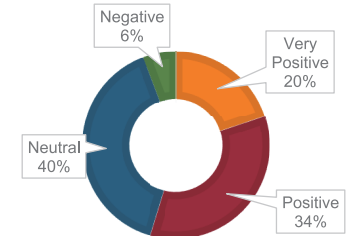
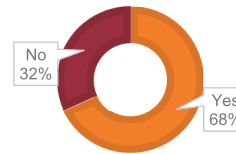
Taiwan published its Net Zero Pathway in March this year; 57% said this climate goal will play at least some role in their company's strategy, including 41% saying it would play a significant role, a fall from last year's 69%.

TO WHAT EXTENT DOES TAIWAN'S NET ZERO EMISSIONS GOAL PLAY A ROLE IN YOUR COMPANY'S STRATEGY?



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.

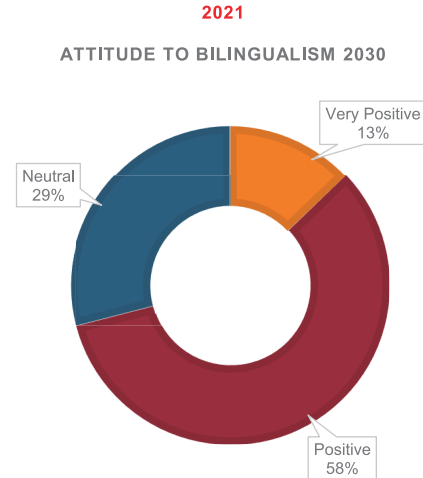
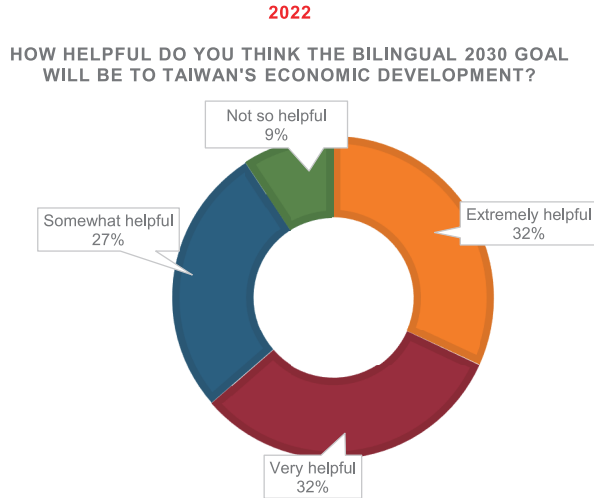
ARE YOU AWARE THAT THE TAIWANESE AUTHORITIES ARE PREPARING TO INTRODUCE "CARBON PRICING" MEASURES THROUGH AMENDMENTS TO THE CLIMATE CHANGE RESPONSE ACT, POTENTIALLY THROUGH A CARBON FEE?



IF YOUR ANSWER IS YES TO THE QUESTION ABOVE, WHAT KIND OF IMPACT DO YOU FORESEE ON YOUR BUSINESS OPERATION 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?’

Areas	Very positively	Positively	Neutral	Negatively	Very negatively
Regulatory compliance requirements	2%	32%	36%	23%	7%
Customs procedures	2%	25%	52%	16%	5%
Bureaucracy		19%	28%	44%	9%
Public procurement	2%	14%	65%	19%	
Recruitment of skilled employees from overseas and labour law requirements	5%	23%	41%	25%	7%
Recognition of professional qualifications	5%	36%	39%	20%	
Recognition of products standards	7%	30%	39%	20%	5%
Levels of taxation	9%	27%	48%	16%	
Intellectual Property rules	2%	50%	41%	5%	2%
Domestic protectionism	2%	14%	45%	30%	9%
Transparency		39%	36%	25%	
Availability of skilled workers locally	5%	41%	20%	32%	2%

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)'

Priority Areas	Ranking
Sufficient energy supply	1
Talent development	2
Diversify international trading partners	3
Cross-Strait relations	4
Diversify domestic industry	5
Pandemic control	6

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.

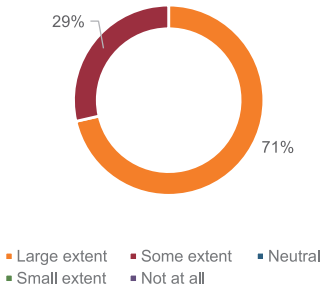
'How would you assess Taiwan's progress in the following areas in scale? (1 represents the least progress, 5 represents the greatest progress)'

Areas	5	4	3	2	1
Financial service digitalisation	9%	9%	55%	18%	9%
Openness on data-sharing	0%	0%	64%	18%	18%
Policies to encourage financial innovation	0%	0%	64%	18%	18%

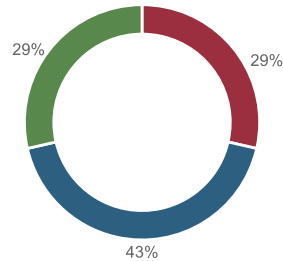
8.2 Sectoral results: energy

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.

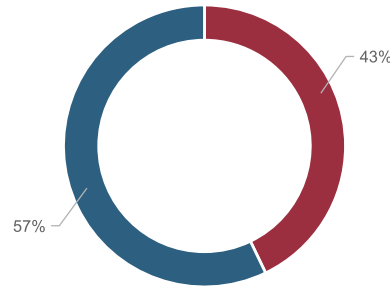
To what extent do you think Taiwan's 2050 Net Zero policy and roadmap will be beneficial to your business development?



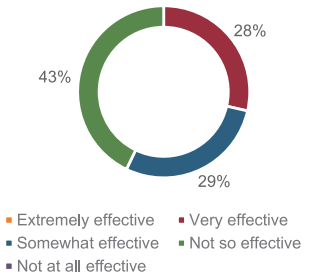
How do you assess the effectiveness of Taiwan's port management in your industry?



How would you assess the effectiveness in Taiwan's electricity trading market, including the green energy trading platform and Corporate Power Purchase Agreement?



How do you assess the effectiveness of Taiwan's Health, Safety, and Environment (HSE) regulation in your industry?



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.

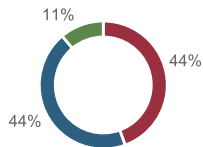
‘How satisfied are you with the support from Taiwan on science and tech?’

Very satisfied Satisfied Neutral Dissatisfied Very dissatisfied

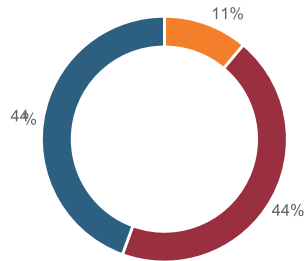
Tech policy inclusiveness



Official funding



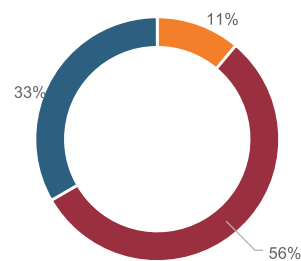
R&D environment



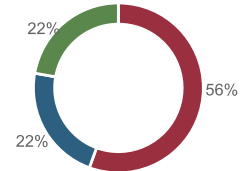
Regulatory friendliness (e.g. Sandbox)



Entrepreneurship/golden Visa



Language barriers



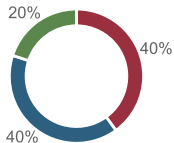
8.4 Sectoral results: biotech & pharma

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.

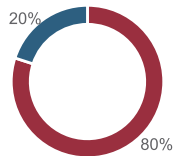
'Regarding Taiwan's healthcare policy, how positive are you about the following aspects?'

Very positive Somewhat positive Neutral Somewhat negative Very negative

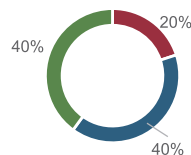
National Health Insurance reform



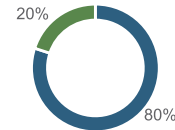
Ageing population support



Market access for Innovative drugs



Optimisation on the reimbursement mechanism



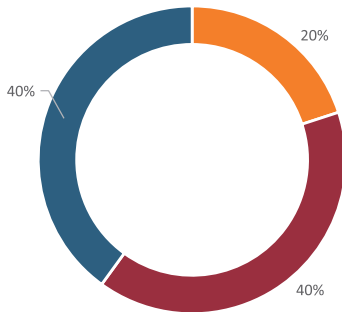
Healthcare budget



8.5 Sectoral results: food & beverage

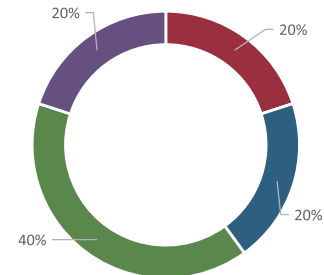
Respondents thought Taiwan could improve the clarity of its regulations on food and beverage imports. 60% of the respondents did not agree that Taiwan's border inspections of food and beverage products are fair and consistent with international standards.

How would you assess the clarity of Taiwan's regulations on food and beverages import requirements?



Very clear Somewhat clear Not so clear Not at all clear

Taiwan's border inspection of food and beverage products are fair and consistent with international standards



Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

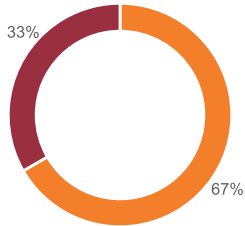
8.6 Sectoral results: transport & infrastructure

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?'

Very positive Somewhat positive Neutral Somewhat negative Very negative

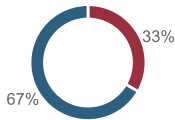
Policies to support green transportation, infrastructure or energy



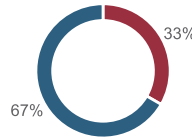
Standards equivalence recognition between Taiwan and the UK



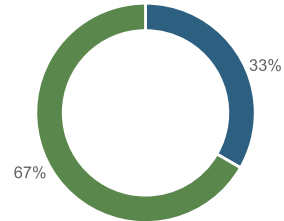
Sufficient business consultation before drafting new regulations



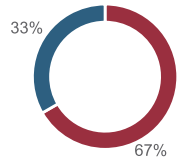
Fairness and transparency in public procurement



Neutrality of commercial decision-making (i.e. no political interference)



Health and Safety Standards



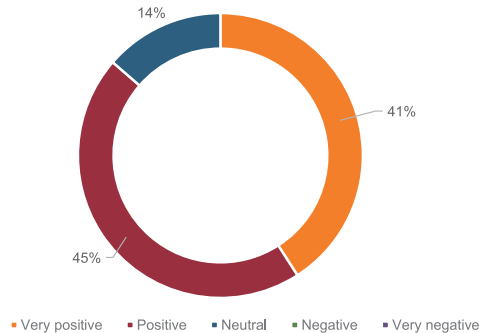
8.7 Sectoral results: education & leisure

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

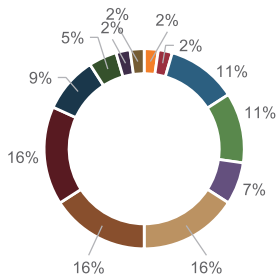
86% of the respondents had a positive attitude towards the support they receive from the British Office Taipei.

'What is your impression of the support you receive from the British Office?'



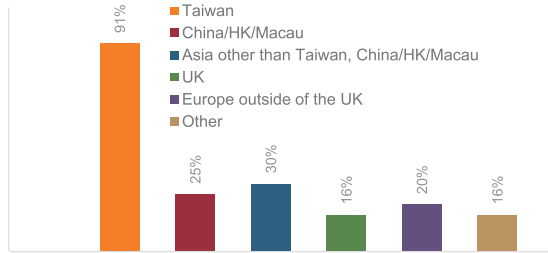
10. Appendix: background of respondents

RESPONDENTS BY INDUSTRY

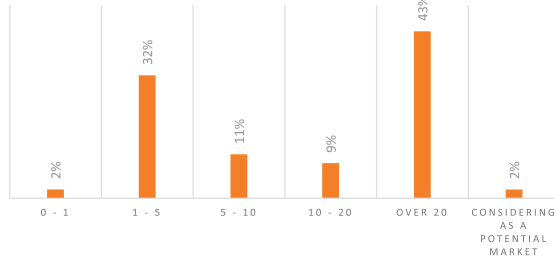


- Aerospace
- Agriculture, horticulture, and fisheries
- Biotechnology and Pharmaceuticals
- Consultancy
- Education and training
- Electronics and IT hardware
- Energy
- Financial services
- Food and beverage
- IT Software
- Leisure and tourism
- Railways

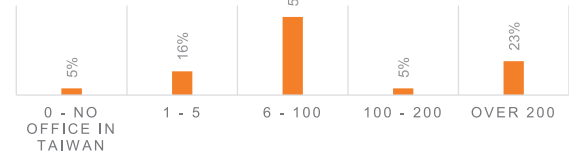
MARKET OPERATION OF RESPONDENTS



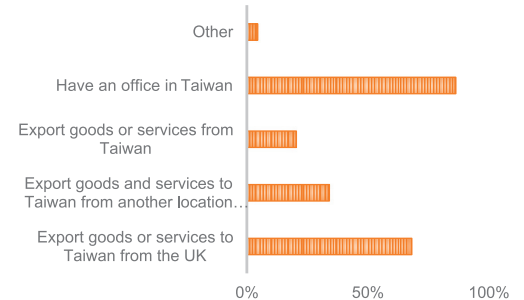
NUMBER OF YEARS DOING BUSINESS IN TAIWAN



NUMBER OF EMPLOYEES



BUSINESS SERVICES OF RESPONDENTS





British Office
英國在台辦事處

For more information, please contact

Hsin Hsin Chang

Senior Economic Officer

HsinHsin.Chang@fcdo.gov.uk