

24th UK-Taiwan Trade Talks British Business Survey Results



British Office



British Chamber
of Commerce in Taipei



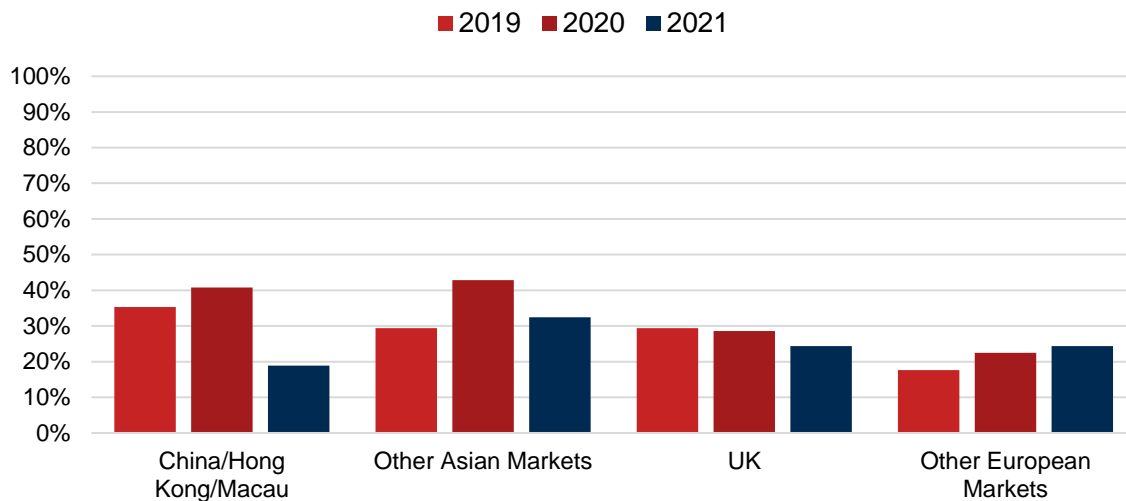
Survey Overview

This survey was conducted in August 2021 in collaboration with the British Chamber of Commerce in Taipei. We asked companies a range of questions on their business outlook, their projections for the future, and their reactions to a number of international trends and policies.

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

A total of 67 companies responded to our survey, 37 of which are headquartered in the UK. This report focuses on the views of those 37 UK-based companies operating in Taiwan.

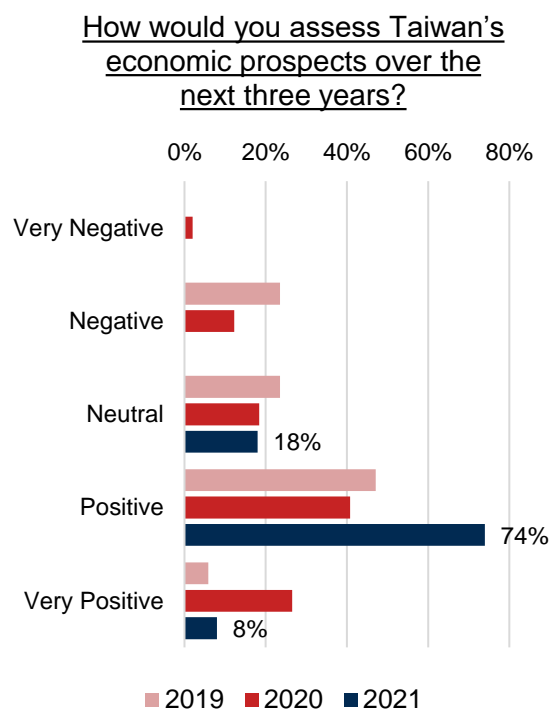
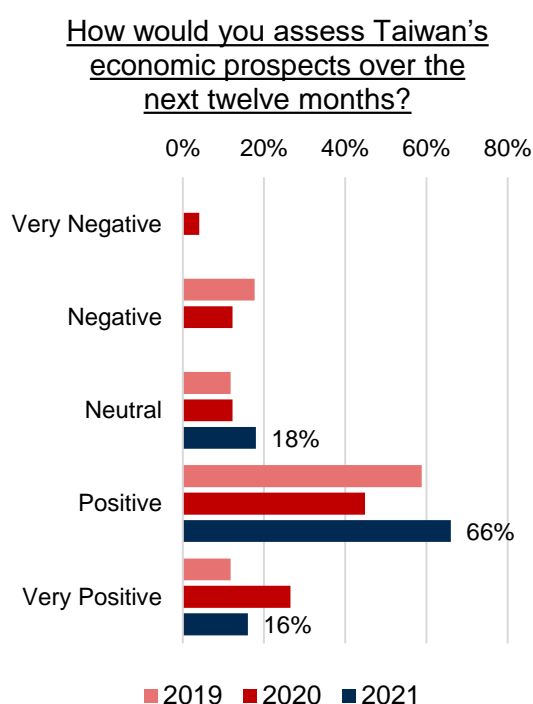
In addition to providing goods and services to Taiwan, which other markets does your company operate in?



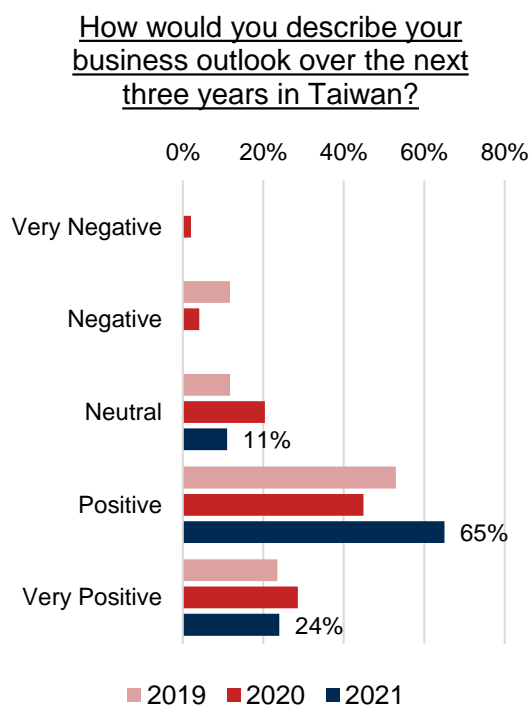
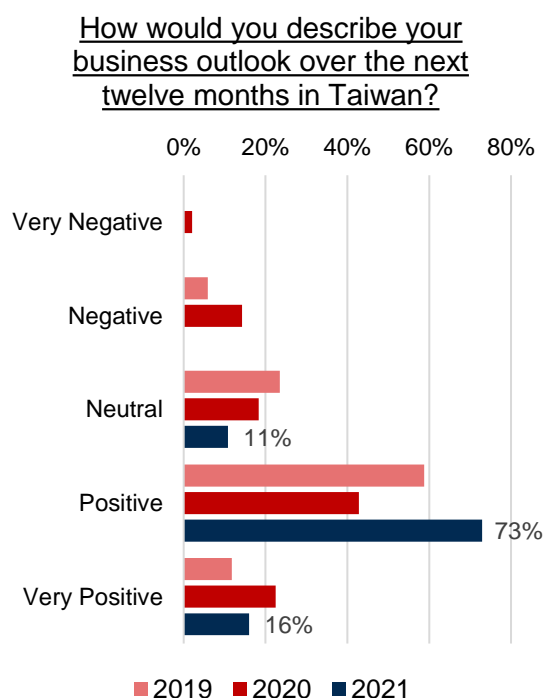
The 2021 results show no significant shift in operations from the previous years we have asked this question. There is a small decrease in the number of companies operating in China/Hong Kong/Macau compared to 2020. We judge, however, that is difficult to draw too firm a conclusion from this, given the small sample size.



Looking Forward: Taiwan and business prospects

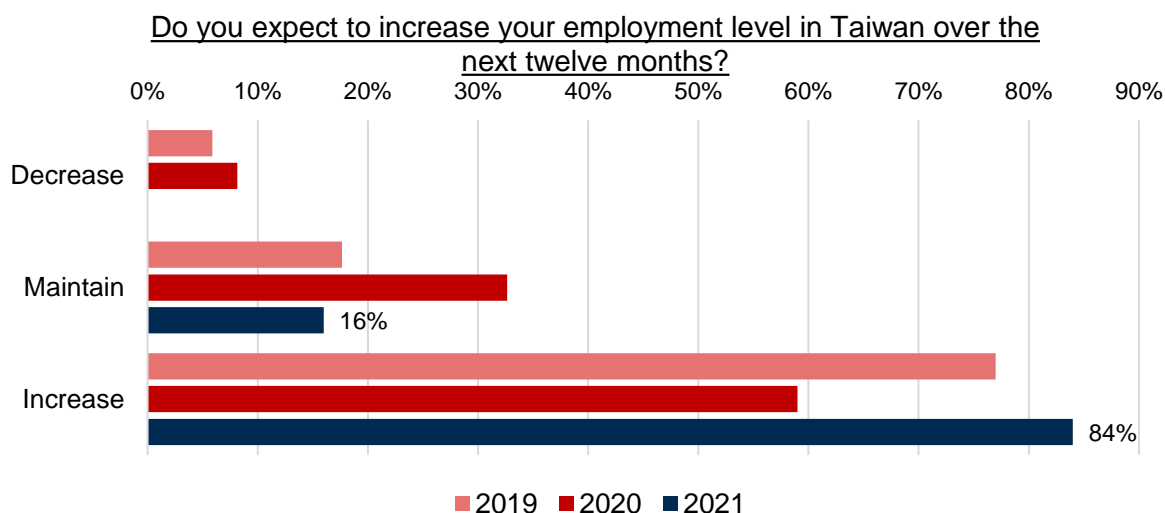


According to our survey, companies are feeling more positive about Taiwan's economic prospects. Compared to 2020, there has been a 14% increase in companies feeling positive or very positive about Taiwan's economic prospects over the next twelve months and a 20% increase in those feeling positive about prospects over the next three years. This is the first year in which no companies surveyed feel negative or very negative about Taiwan's economic prospects.





Similarly, companies are feeling more positive about their business outlook. Compared to 2020 there has been a 37% increase in companies that would describe their business outlook over the next twelve months as positive or very positive, and a 20% increase when asked about three year prospects. Over both time scales, a total of 89% of companies feel either positive or very positive about their business



outlook. Again, this is the first year that no companies have had negative business outlooks.

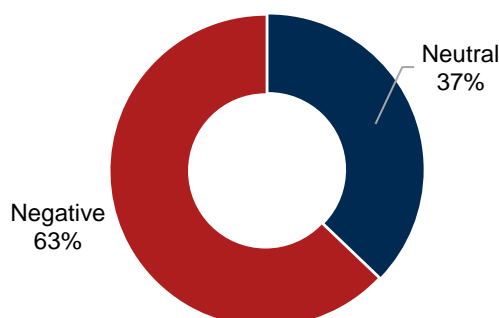
84% of companies expect to increase their employment levels over the next twelve months. This year's survey shows the best prospects for employment levels – suggesting a recovery from employment projections measured in 2020.

Across all measures, companies are feeling better about their operations in Taiwan. There could be many reasons behind this: Taiwan's strong economic growth driven by global tech demand; a strong economic recovery in China; or increased business confidence driven by the successful vaccine rollout in the UK and elsewhere.

Impact of COVID-19

Taiwan remained largely unaffected by COVID-19 in 2020. However, the outbreak and subsequent Level 3 restrictions in May 2021 did affect company operations.

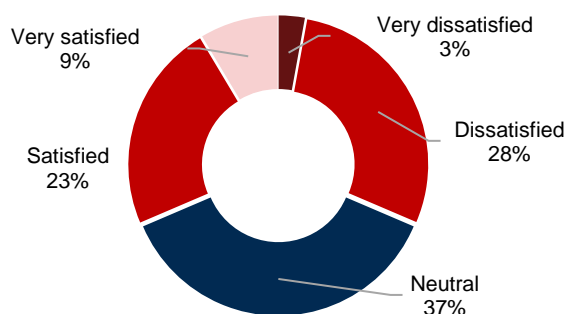
What are the impacts of the COVID-19 pandemic on your business performance?



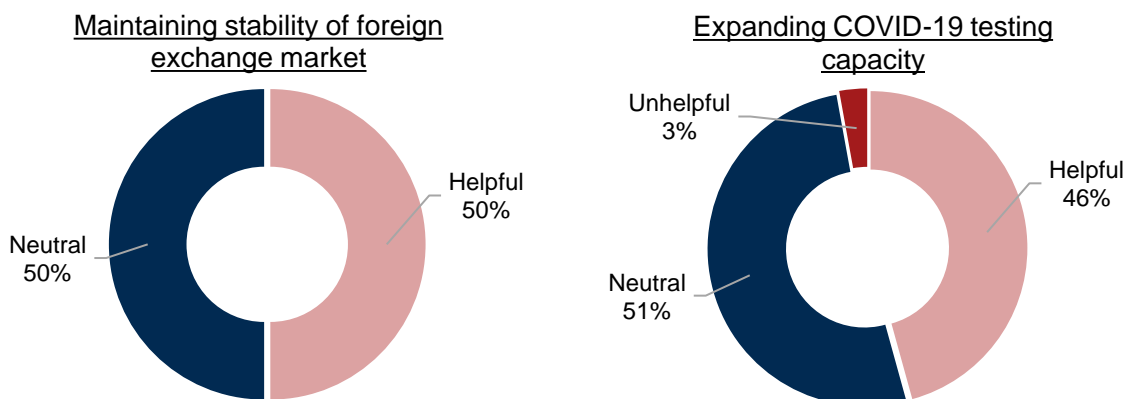


Over half of companies surveyed have been negatively impacted by the COVID-19 pandemic.

How satisfied are you with Taiwan's measures to support business through the pandemic?



Satisfaction with the administration's pandemic relief measures is mixed. Around the same portion of companies were dissatisfied (31%) with measures as those who were satisfied (32%). We also asked about the helpfulness of policies enacted by the Taiwan administration following the outbreak¹:



According to our survey, the most helpful policies were maintaining the stability of the foreign exchange market (50% helpful) and expanding COVID-19 testing capacity (46% helpful).

It is worth noting that this survey was conducted when Taiwan had imposed restrictions as a result of a Level 3 COVID-19 alert². Taiwan reduced its COVID-19 alert to Level 2³ on 27 July, which as of the time of writing, remains in place.

¹ See appendix C for full results.

² Level 3 alert: Masks must be worn at all times outdoors; cancellation of outdoor gatherings of 10+ people and indoor gatherings of 5+ people; apart from essential services, law enforcement, medical treatment and government, all places of business and public venues must close; at places of business and public venues that remain open, mask wearing and social distancing is required; in neighbourhoods where community transmission has occurred, residents must stay within a defined perimeter and comply with COVID-19 testing; all public gatherings and school classes within neighbourhoods are suspended.

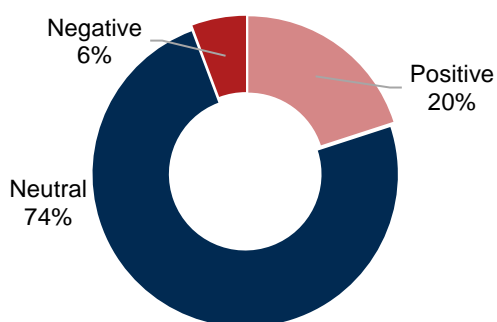
³ Level 2 alert: Fines imposed for failure to follow mask guidelines; cancellation of outdoor gatherings of 500+ people and indoor gatherings of 100+ people; public gatherings must implement social



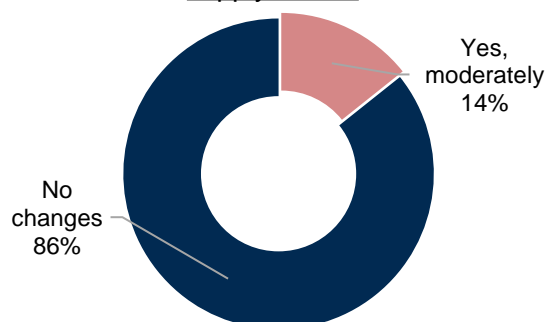
International impacts

We asked companies for their views on a number of wider international political/economic factors.

How has the US-China rivalry impacted your business operation in Taiwan?

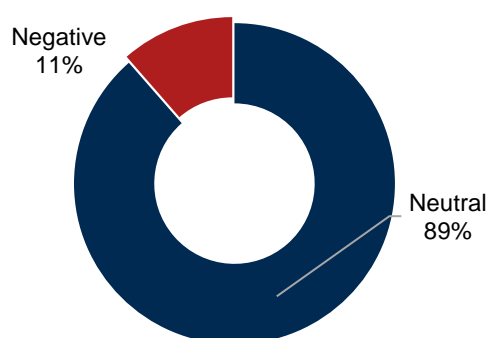


Has the US-China trade dispute caused a shift in your company's supply chain?



US-China tensions have largely left companies surveyed unaffected in terms of their supply chain adjustment and business operations. Only 6% of companies surveyed stated that their business operations have been negatively impacted by tensions, and only 14% have seen a moderate shift in their supply chains. However, this is not necessarily reflective of the wider landscape in Taiwan, and might well reflect the sectoral makeup of UK business in Taiwan. UK companies in Taiwan are often in high value industries and services and have less capital invested in mass production, more sensitive to tariff changes.

How has the UK's EU Exit affected your operation in Taiwan?

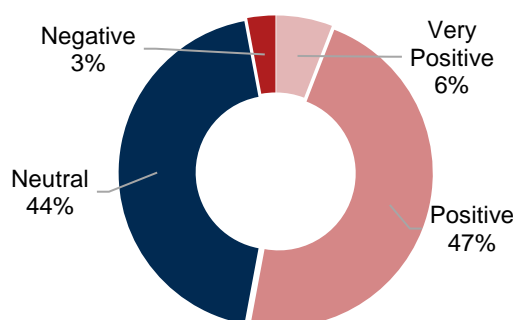


The Taiwan operations of a majority of the companies surveyed have not been affected by EU Exit. On 31 December 2020 the formal 'transition period' ended and the new EU-UK Trade and Cooperation Agreement came into effect. UK business in Taiwan has proved resilient throughout that period.

distancing, mask-wearing/partitions, an identification-based registration system, temperature checks, crowd controls and routine disinfection or be cancelled; places of business must impose crowd controls; when necessary, the CECC may order the closure of entertainment or leisure-related businesses or public venues.



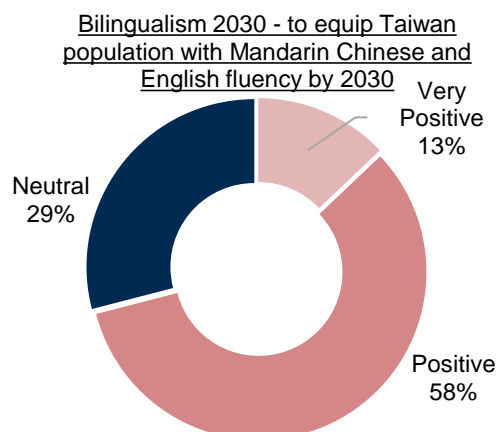
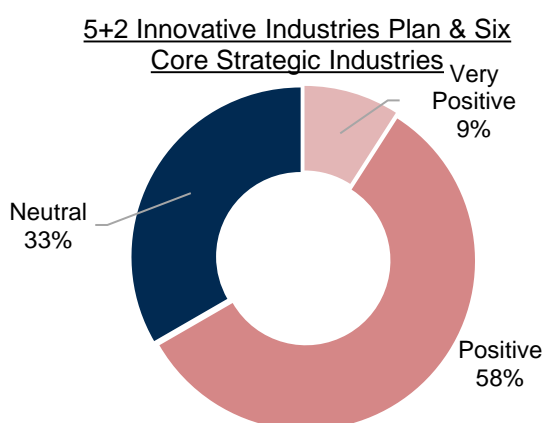
What are the potential impacts of the UK's intention to join CPTPP on your operation and/or APAC?



Over half of the companies surveyed thought the UK's intention to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) would have a positive impact on their business operations. The UK formally began negotiations to join CPTPP on 22 June 2021; membership would connect the UK to the fast-growing Pacific region and strengthen our relationship with key international allies.

Reactions to policies

We also asked companies for their views on a number of the Taiwan administration's policies⁴.



The Bilingualism 2030 Policy sees the highest level of support, with a 71% positive or very positive rating, suggesting that improving Taiwan's English proficiency will benefit UK companies in Taiwan. Throughout 2021, the British Office has worked with the British Council to assist the National Development Council and Ministry of Education in its Bilingual 2030 planning, helping position the UK as the partner of choice in supporting Taiwan's bilingual ambitions.

The 5+2 Innovative Industries & Six Core Strategic Industries policies also see a high level of support (67% positive or very positive). Taiwan's 5+2 Innovation Industries Plan and Six Core Strategic Industries Programme lend themselves well to the UK's innovation strengths, particularly in cyber security, smart cities, and renewable energy.

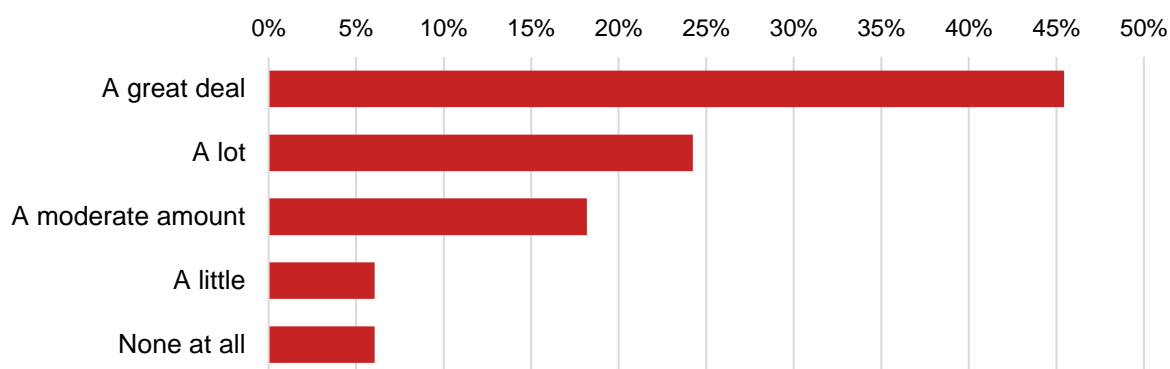
⁴ See appendix E for full results.



Climate change

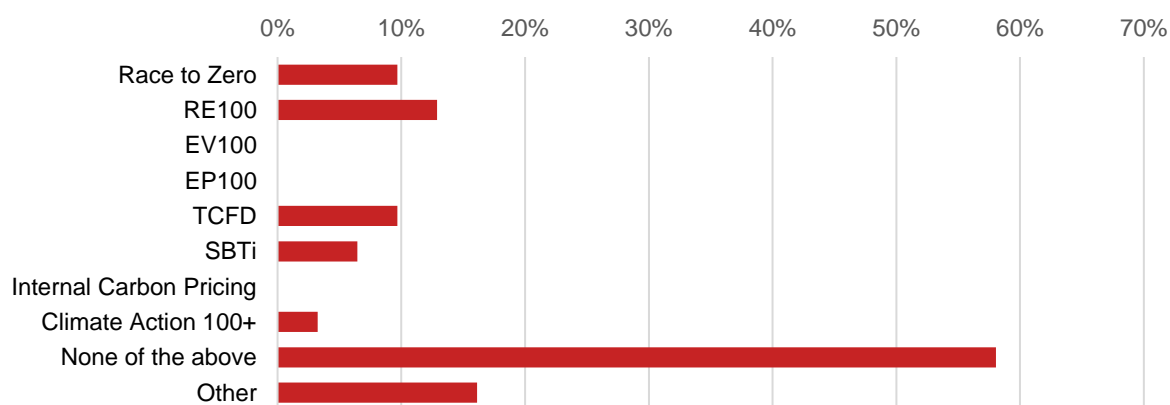
This is the first year that we have surveyed views on climate change. The UK is cooperating with Taiwan across a range of climate-related issues. This includes, but is not limited to, information exchanges, policy research, and R&D collaboration. We are also working to increase climate awareness amongst Taiwanese companies, and we are encouraging them to take action to reduce emissions and to factor climate risks and opportunities into their decision making.

To what extent do climate change considerations play a role in your company strategy?



Climate change considerations play a role 'a great deal' in 45% of surveyed companies' strategies. As both the UK and Taiwan move towards a net zero future, we hope to see the number of companies taking climate action grow.

Have you joined any of the following climate initiatives?

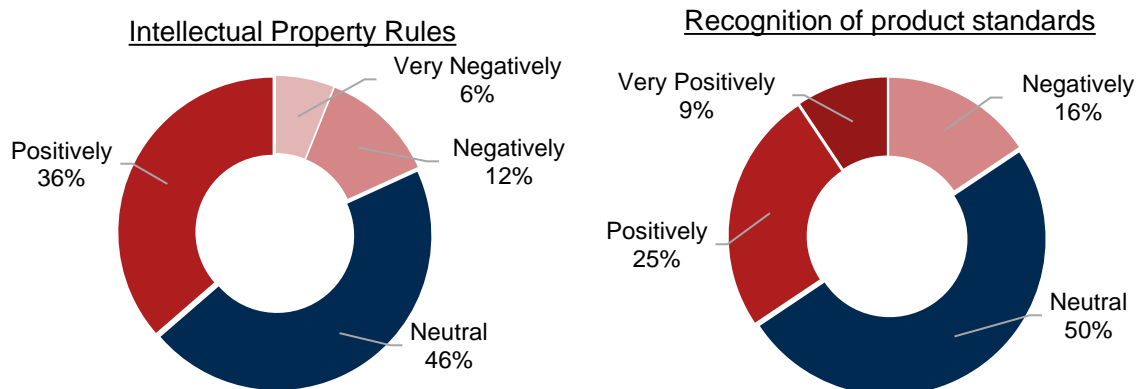


In the run-up to COP26 and beyond, the British Office is working to encourage companies to join climate change initiatives. Few of the surveyed companies have signed up to initiatives. 13% of companies surveyed have joined RE100, 10% have joined the Race to Zero, and 10% are following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

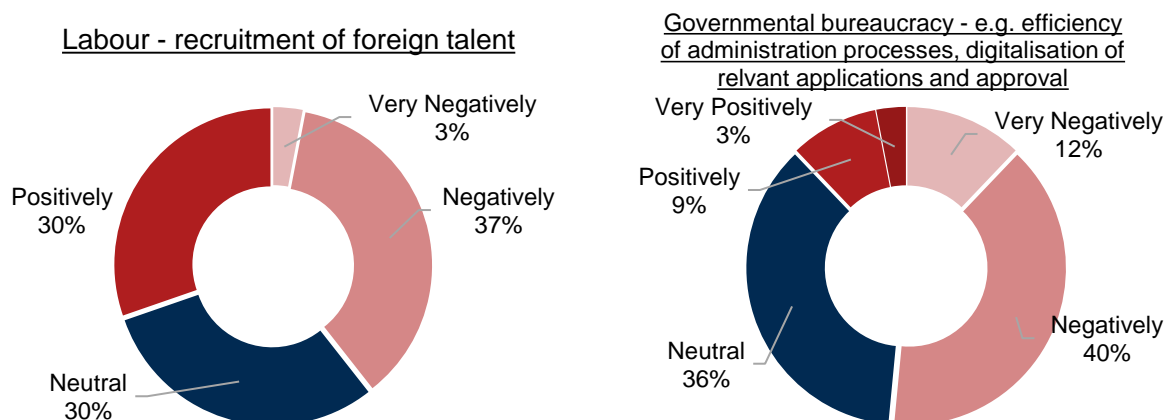


Doing Business in Taiwan

We asked companies for their views on a range of aspects of doing business in Taiwan and their impact on business operations⁵.



Companies surveyed are most positive about Taiwan's intellectual property rules (36% positive or very positive) and its recognition of product standards (34% positive or very positive). Taiwan has comprehensive protection of intellectual property rights and is often seen as a regional 'safe haven' for IP protection.



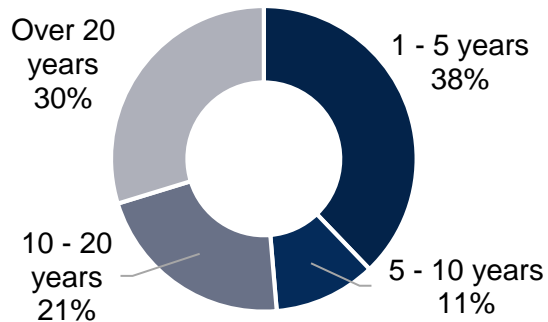
There appears to be some challenges in regards to governmental bureaucracy (52% negative or very negative) and recruitment of foreign talent (40% negative or very negative). This may reflect border and visa challenges related to pandemic restrictions.

⁵ See appendix G for full results.

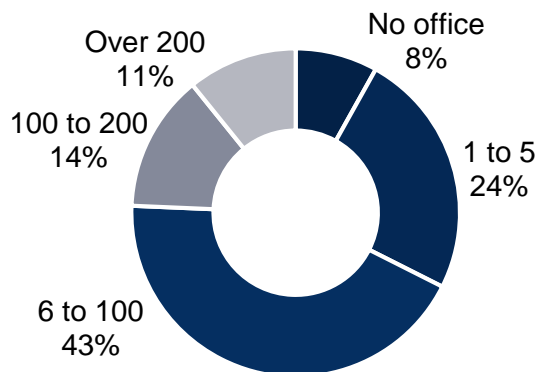


Appendix A: Survey Overview

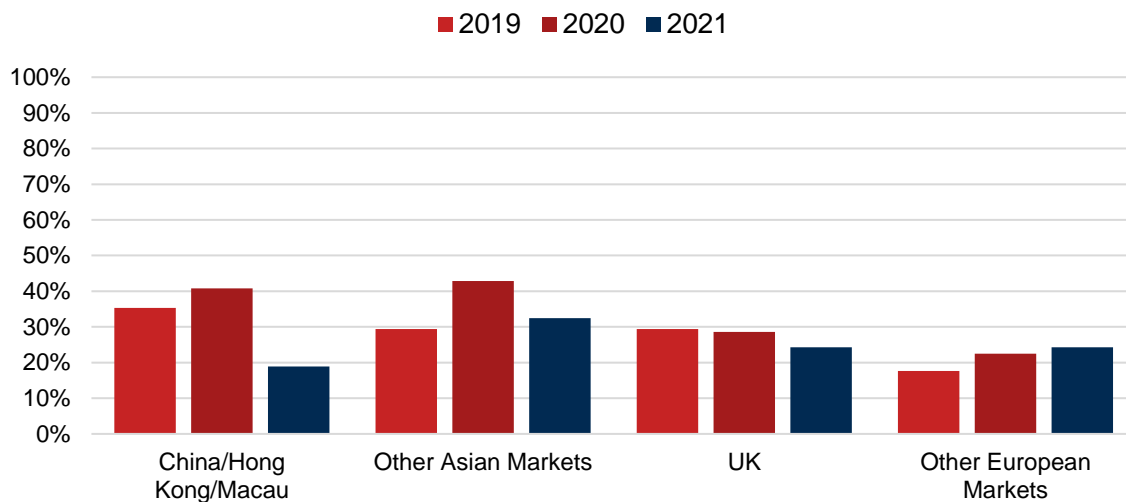
How long has your company had a presence in Taiwan?



Number of employees in Taiwan



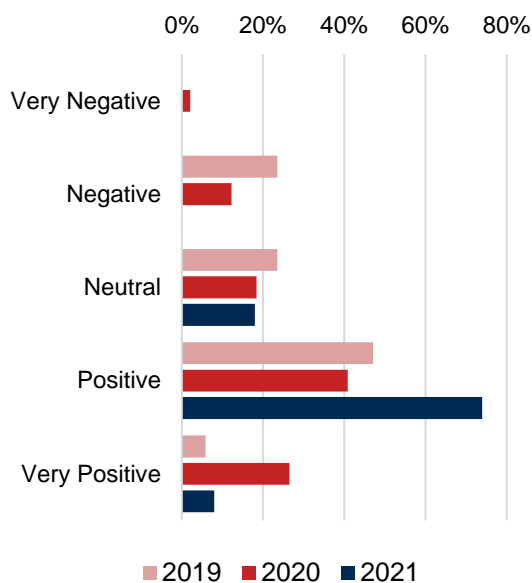
In addition to providing goods and services to Taiwan, which other markets does your company operate in?



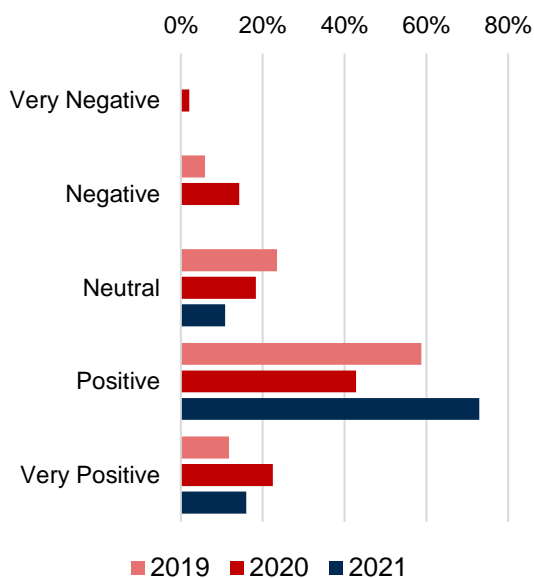


Appendix B: Looking Forward: Taiwan and business prospects

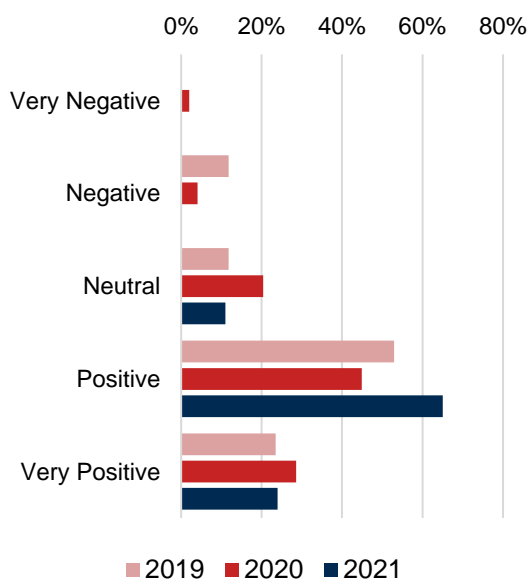
How would you assess Taiwan's economic prospects over the next three years?



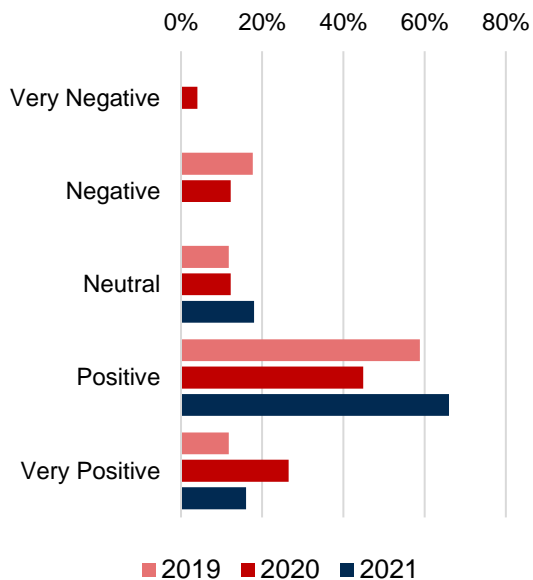
How would you describe your business outlook over the next twelve months in Taiwan?



How would you describe your business outlook over the next three years in Taiwan?



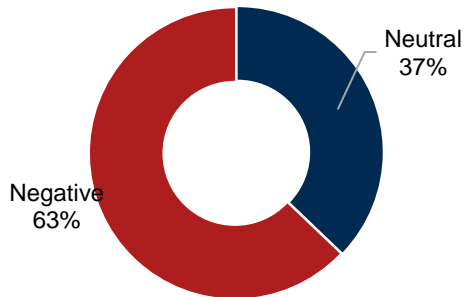
How would you assess Taiwan's economic prospects over the next twelve months?



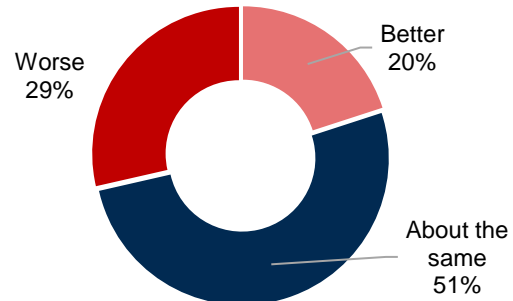


Appendix C: Impact of COVID-19

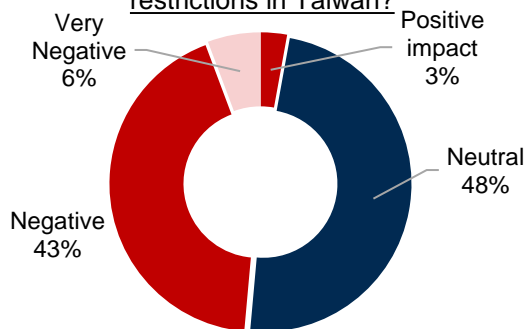
What are the impacts of the COVID-19 pandemic on your business performance?



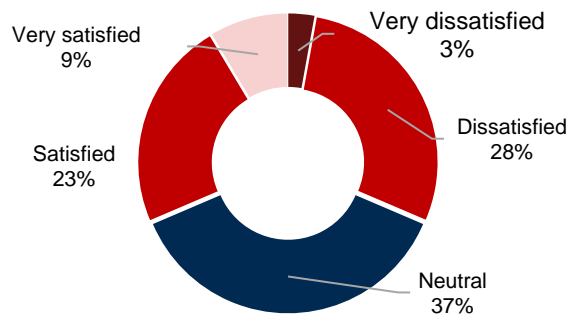
How is your current business performance compared to the time before Level 3 COVID-19 restrictions?



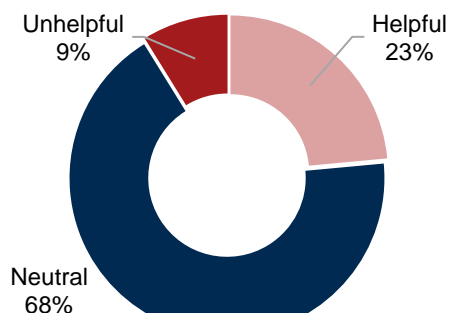
How were your company's operations affected by Level 3 COVID-19 restrictions in Taiwan?



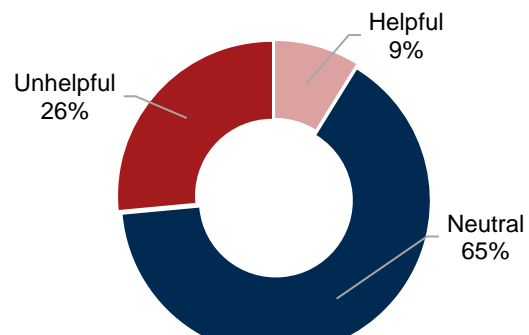
How satisfied are you with Taiwan's measures to support business through the pandemic?



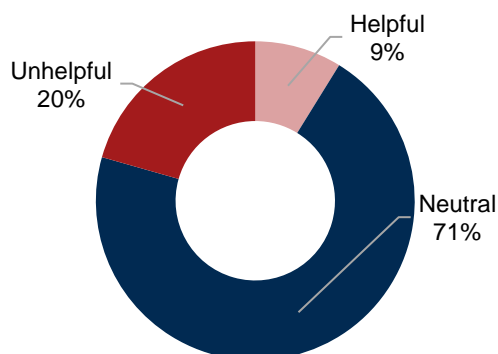
Lowering interest rate



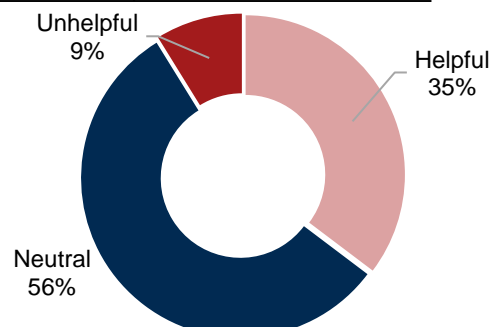
Salary subsidies



Subsidised loans and public guarantee

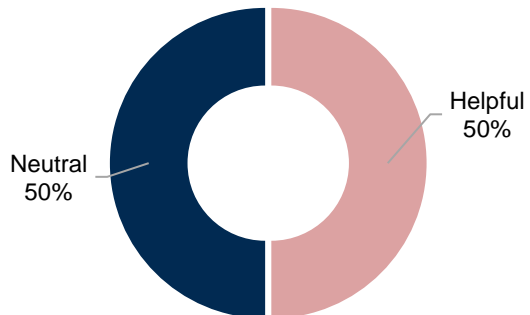


Deadline extension for tax declaration, tax cuts for businesses

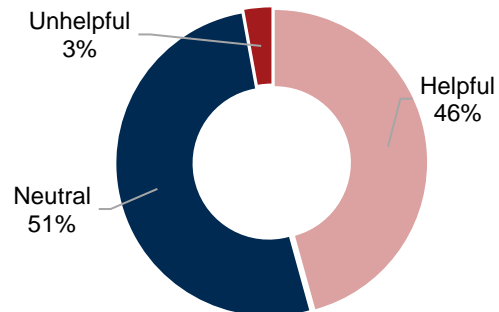




Maintaining stability of foreign exchange market

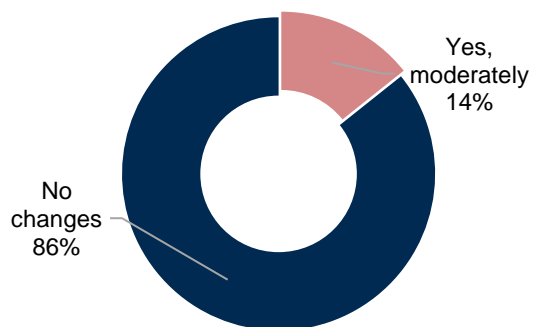


Expanding COVID-19 testing capacity

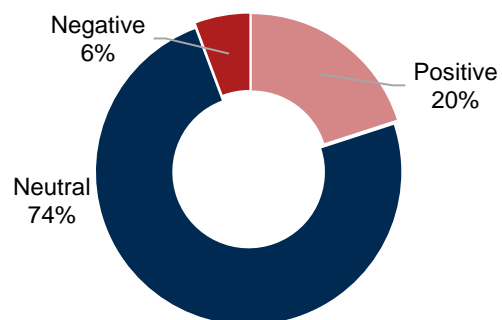


Appendix D: International Impacts

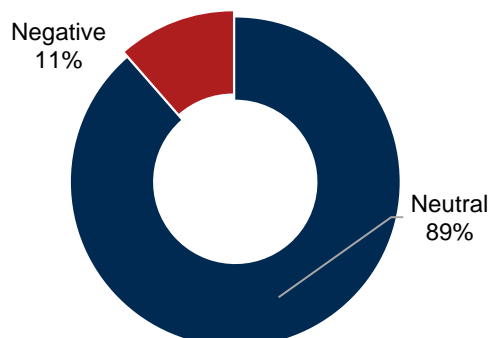
Has the US-China trade dispute caused a shift in your company's supply chain?



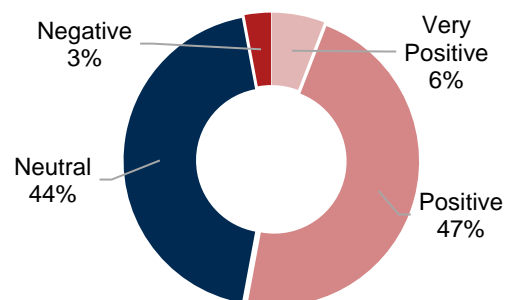
How has the US-China rivalry impacted your business operation in Taiwan?



How has the UK's EU Exit affected your operation in Taiwan?



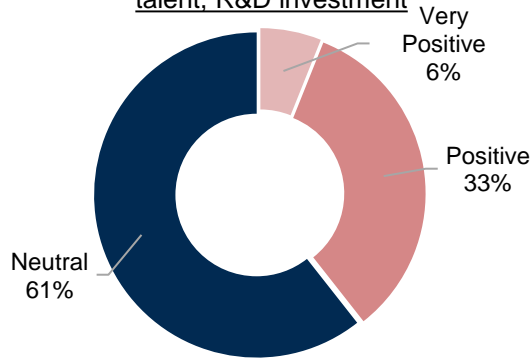
What are the potential impacts of the UK's intention to join CPTPP on your operation and/or APAC?



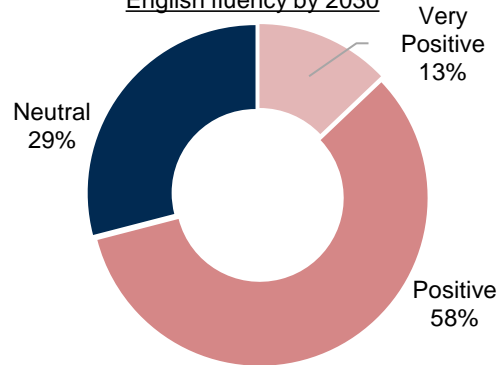


Appendix E: Reactions to policies

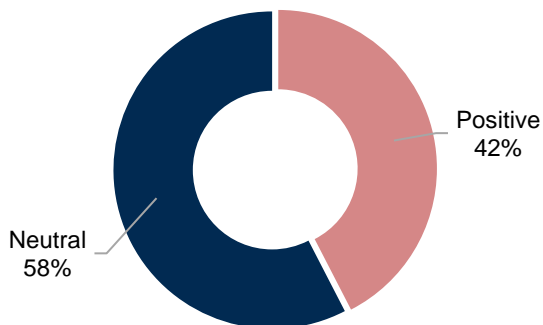
A+ Industrial and R&D programme and policies - to attract local and foreign talent, R&D investment



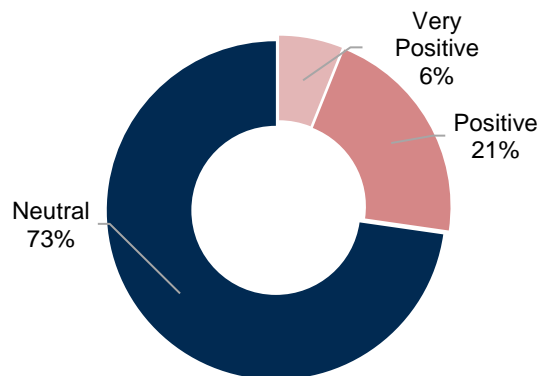
Bilingualism 2030 - to equip Taiwan population with Mandarin Chinese and English fluency by 2030



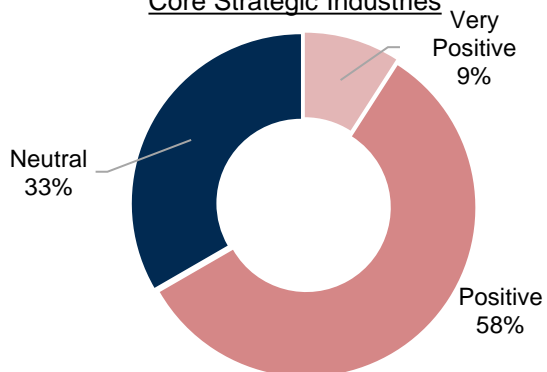
New Southbound Policy to strengthen Taiwan's economic and political relations with Southeast Asian countries



Employment Gold Card



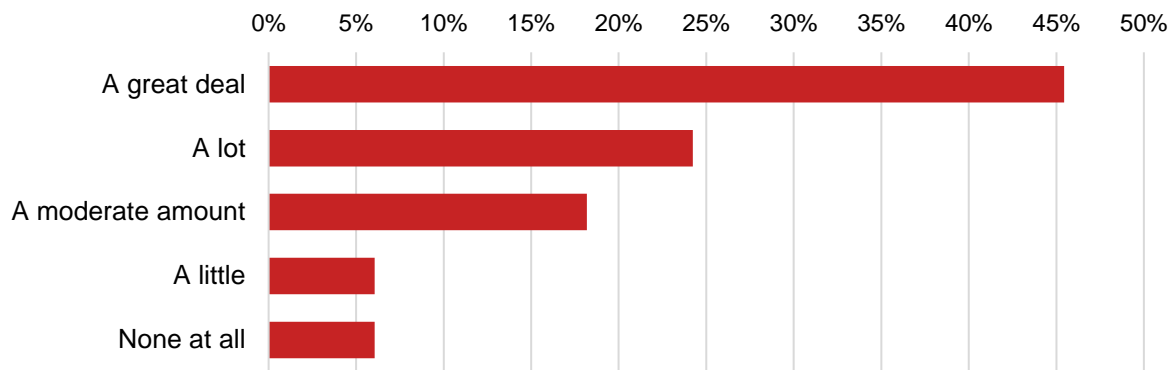
5+2 Innovative Industries Plan & Six Core Strategic Industries



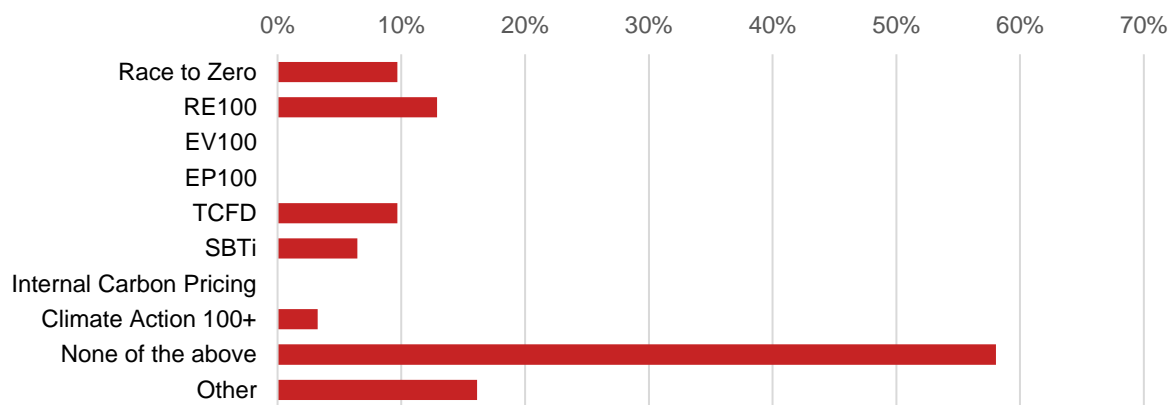


Appendix F: Climate change

To what extent do climate change considerations play a role in your company strategy?



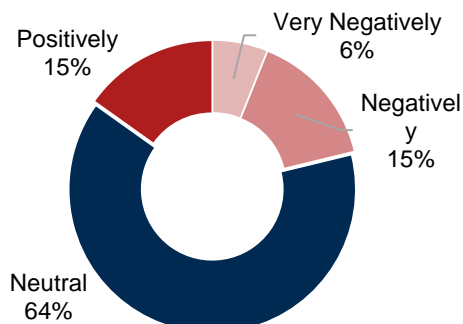
Have you joined any of the following climate initiatives?



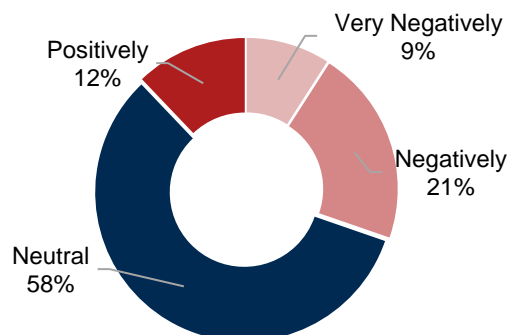


Appendix G: Doing Business in Taiwan

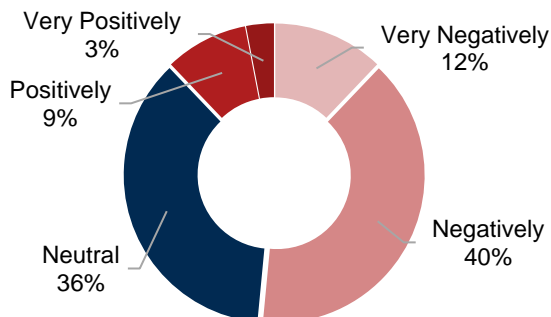
Levels of taxation - e.g. income tax, corporate tax



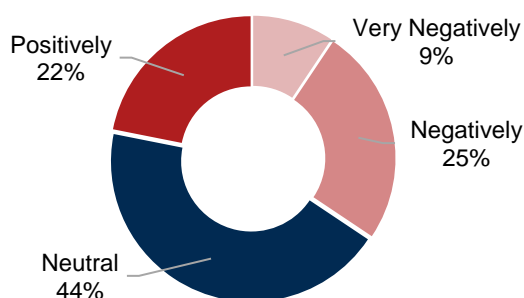
Domestic protectionism - e.g. favourable treatment to domestic companies, local content requirement



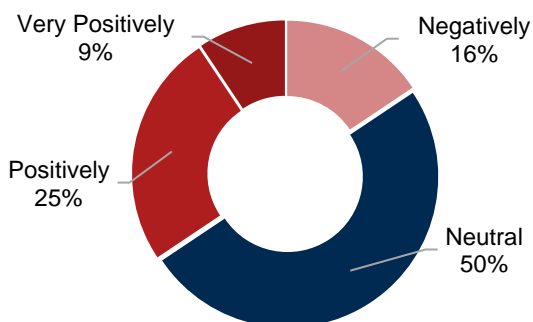
Governmental bureaucracy - e.g. efficiency of administration processes, digitalisation of relevant applications and approval



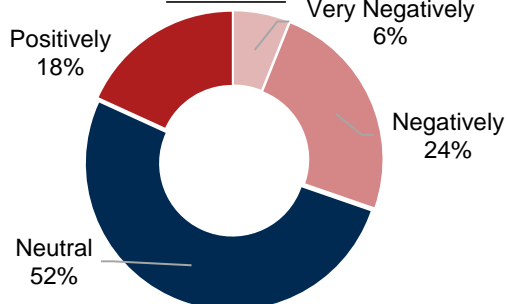
Regulation - is the design, interpretation and enforcement of rules reasonable and predictable?



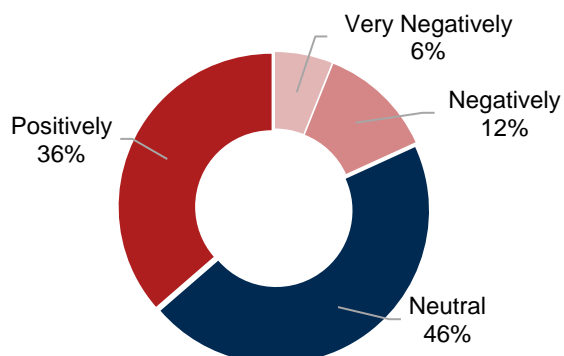
Recognition of product standards



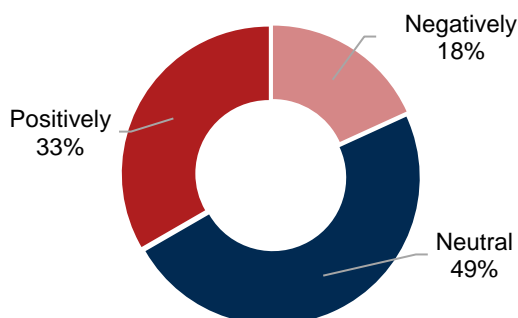
Transparency - e.g. whether stakeholders are consulted for rule changes, whether rule changes are notified, accessibility of information



Intellectual Property Rules

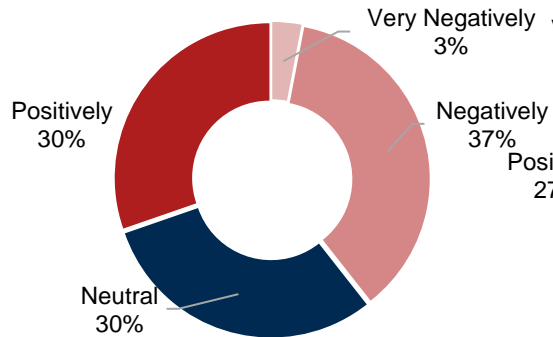


Infrastructure - Energy supply

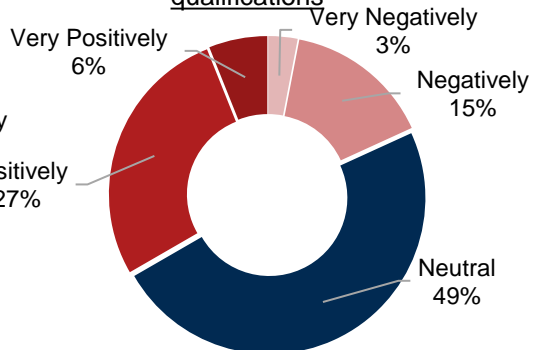




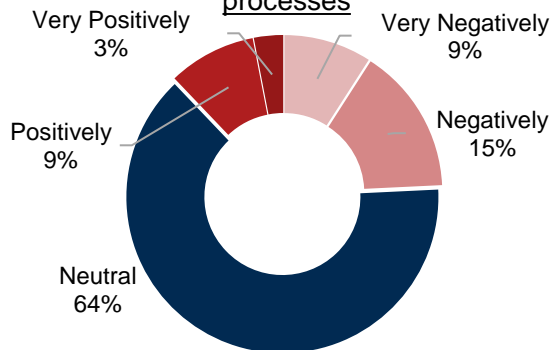
Labour - recruitment of foreign talent



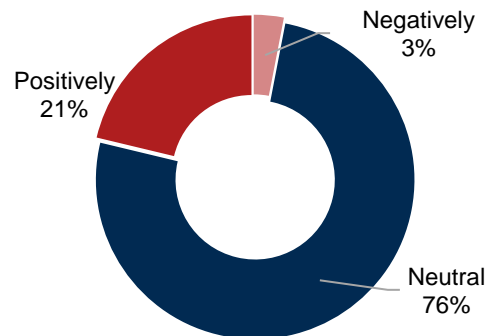
Recognition of professional qualifications



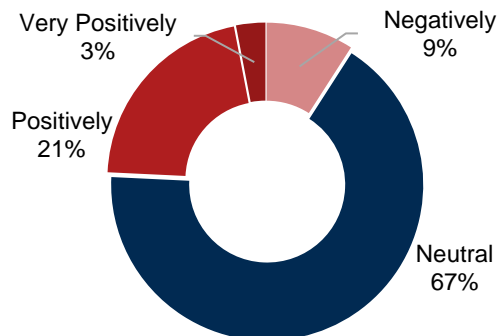
Public procurement regulation and processes



Infrastructure - Water supply



Customs procedures



Labour law requirements - e.g. flexibility of contract workers

