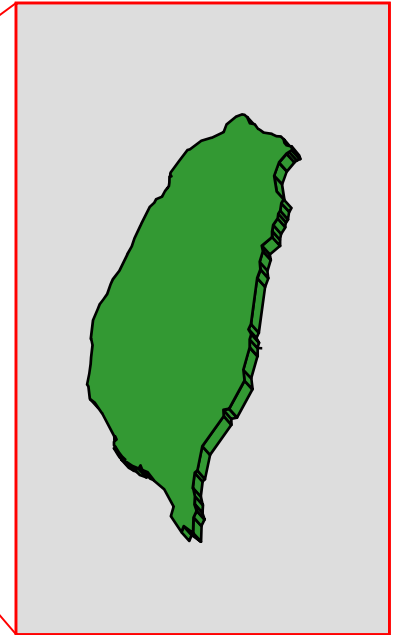


Taiwan Market Overview



Presented by Ireas Cook

AMERICAN INSTITUTE IN TAIWAN

98 STAT. 14 PUBLIC LAW 96-8--APR. 10, 1979

Public Law 96-8
96th Congress An Act

Apr. 10, 1979
(H.R. 2479)

To help maintain peace, security, and stability in the Western Pacific and to promote the foreign policy of the United States by authorizing the continuation of commercial, cultural, and other relations between the people of the United States and the people on Taiwan, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Taiwan Relations Act.

22 USC 3301 note.

22 USC 3301.

SHORT TITLE

SECTION 1. This Act may be cited as the "Taiwan Relations Act".

FINDINGS AND DECLARATION OF POLICY

SEC. 2. (a) The President having terminated governmental relations between the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, the Congress finds that the enactment of this Act is necessary—

(1) to help maintain peace, security, and stability in the Western Pacific; and

(2) to promote the foreign policy of the United States by authorizing the continuation of commercial, cultural, and other relations between the people of the United States and the people on Taiwan.

(b) It is the policy of the United States—

(1) to preserve and promote extensive, close, and friendly commercial, cultural, and other relations between the people of the United States and the people on Taiwan, as well as the people on the China mainland and all other peoples of the Western Pacific area;

(2) to declare that peace and stability in the area are in the political, security, and economic interests of the United States, and are matters of international concern;

(3) to make clear that the United States decision to establish diplomatic relations with the People's Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means;

(4) to consider any effort to determine the future of Taiwan by resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan;

(5) to provide Taiwan with arms of a defensive character; and

(6) to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.

(c) Nothing contained in this Act shall contravene the interest of the United States in human rights, especially with respect to the

“Any programs, transactions, or other relations conducted or carried out by the President or any Agency of the United States Government with respect to Taiwan shall... be conducted and carried out by or through the American Institute in Taiwan.”

Taiwan Relations Act

April 10, 1979



U.S. - TAIWAN UNOFFICIAL RELATIONS

The work of AIT is wide-ranging, but
three pillars form the core of our mission



COMMERCIAL

Export Promotion



- **Total U.S. exports to Taiwan (2016) - \$26 billion**
- **Top categories:**
 - Machinery
 - Computers and electronics
 - Transportation Equipment
 - Chemicals

Commercial Diplomacy



- Technical seminars to enhance communication between Taiwan, U.S. Industries, and AIT
- 6,043 investment projects and \$23.7 billion in cumulative investment as of 2016

Investment Promotion



- Taiwan foreign direct investment in the US totaled 5,395 cases and \$14.45 billion cumulative investment as of 2016
- Mostly in ICT, Transportation, Finance, Chemical, and Food Industry.

Facilitating Business



- Assist companies in meeting distributors and agents
- Providing in-depth market research
- Promote your products and services to buyers

Taiwan Quick Facts

- **Population:** 23.3 million
- **Language:** Mandarin Chinese
- **Location:** 100 miles off southeastern coast of mainland China
- **Major Industries:** electronics, electrical machinery, chemicals, and petrochemicals

POLITICAL STATE OF PLAY

DOMESTIC POLITICS

- Vibrant democracy
- Tsai faces challenge of meeting voters' expectations
- Fractious domestic politics

CROSS-STRAIT RELATIONS

- Tsai's cautious approach
- Strong support in Taiwan for status quo
- Pressure from Beijing to accept "one China"

U.S. AND INTERNATIONAL RELATIONS

- Broad support for strong ties with the U.S.
- International Isolation
- U.S. Support for Taiwan's International Space

Taipei



Photo courtesy of Taiwan Tourism Bureau

- Taiwan's capital
- Political, economic, and cultural center of Taiwan
- Population: 2.7 million
- 3.9 million people in New Taipei City

Kaohsiung

- Taiwan's 2nd largest city
- Population: 2.8 million
- Taiwan's largest port
- Manufacturing and heavy industry base (petrochemical and steel)
- Marine and fastener industries



Photo courtesy of Gary Oba

Why Taiwan?

- Positive view of U.S. and U.S. products
- Industrialized high-tech economy
- Thriving democracy
- Rule of Law/Civil Society
- English is widely spoken
- Springboard to China and other Asian markets

ECONOMIC INDICATORS

U.S. – Taiwan Economic Relationship

Rank of Taiwan as a U.S. Trading Partner (as of 2016)	#10
Rank of U.S. as Taiwan's Trading Partner (as of 2016)	#2
Two-Way Trade Volume (2016)	\$65.4 billion
U.S. Foreign Direct Investment in Taiwan (2016)	\$23.7 billion

Taiwan's Economic Engagement 2016/2017

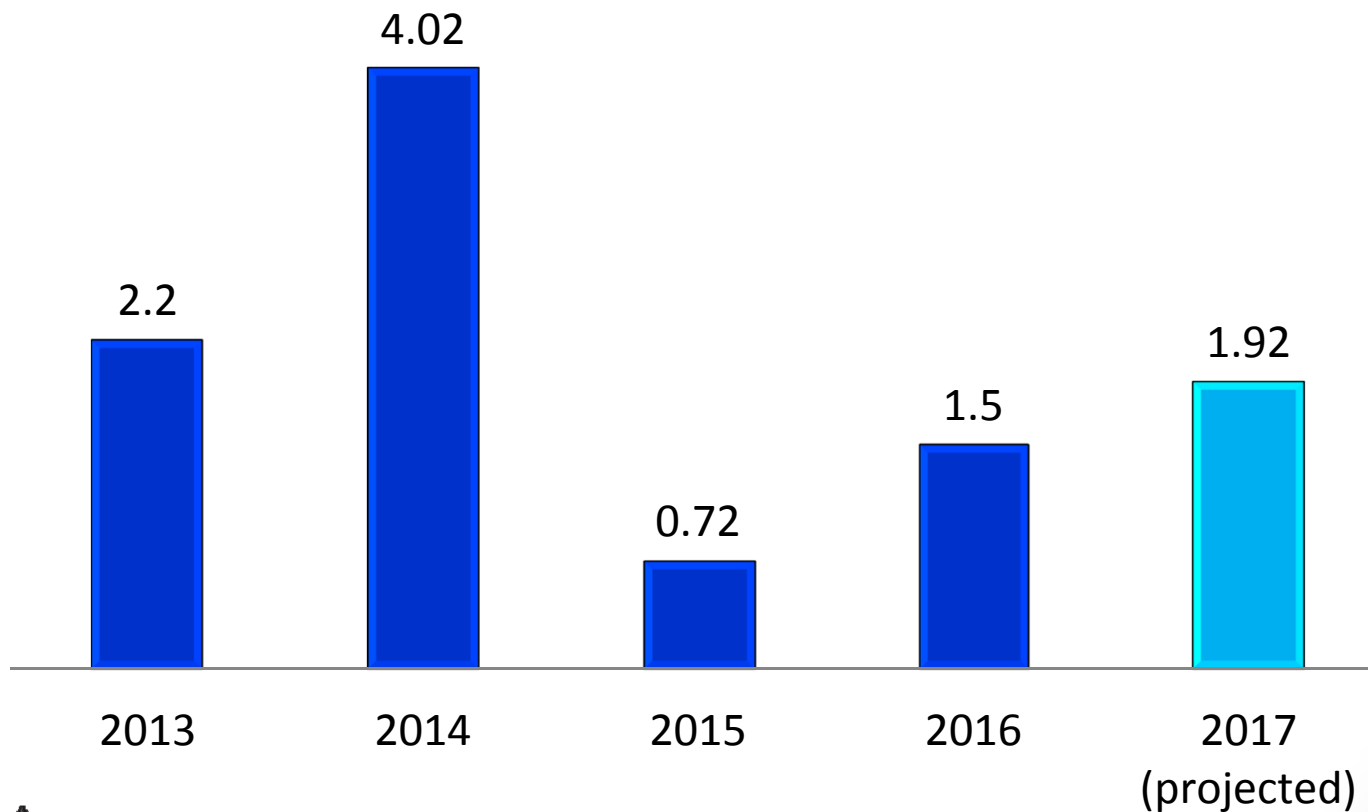
World Bank Ease of Doing Business	11/190
Economic Freedom Index	14th
Rate of Growth among 4 Asian Tigers	3
Taiwan's Exports To the World	\$280 Billion
GDP Per Capita (PPP)	\$47,800
Taiwan Accession to WTO	2002
Taiwan's Global Competitiveness Index by WEF(2016-2017)	14/144



Sources: Bureau of Foreign Trade, Ministry of Economic Affairs; Investment Commission, U.S. Bureau of Economic Analysis, U.S. Census, Taiwan Ministry of Finance, U.S. TaiwanConnect

TAIWAN GDP GROWTH

■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 (projected)



Best Prospects

- Computer Services & Software
- Education
- Electric Power Equipment & Energy
- Electronics Industry Production/Test Equipment
- Franchising
- Medical Devices
- Renewable Energy
- Telecommunications Equipment
- Travel & Tourism

Taiwan Tourism Market

- U.S. remains the #1 long haul destination for Taiwan visitors
- In 2016, 527,099 Taiwan nationals visited the U.S.
- Taiwan travelers spent near \$1.8B in the U.S. in 2015
- Taiwan entered U.S. Visa Waiver Program (VWP) in Nov. 2012



Consumer Goods

Opportunities:

- Luxury products
- Organic & nutritional supplements
- Beauty products



Channels:

- Department stores (50+)
- Convenience stores (10,000+)
- Drug & beauty product stores (2000+); Hypermarkets (120+)
- Natural & healthy food stores (500+)
- Online & TV shopping (\$12+ billion/year)

The China Connection

- Triangular trade (US-Taiwan-China)
- Movement of people: group tourism, business, and students
- 1 million Taiwan people are living in Mainland China



American Institute in Taiwan



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Questions?