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2017 BRITISH OFFICE BUSINESS CLIMATE SURVEY

Introduction

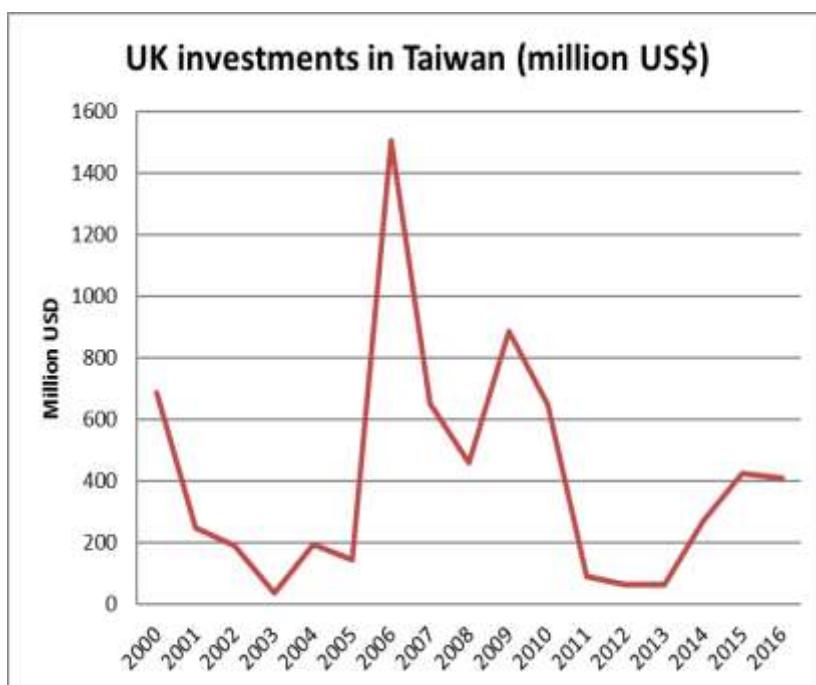
Taiwan – the world's 22nd largest economy – is the UK's 6th largest trading partner in the Asia Pacific region. Promoting two-way trade and investment links between the UK and Taiwan is one of the priorities for the work of the British Office in Taipei.

Our office holds regular discussions with the Taiwanese authorities focusing on how to enhance trade and investment ties and to tackle market access issues and those relating to the wider business environment. At the highest level, we hold the regular UK-Taiwan trade talks, which generally take place annually between the Department for International Trade in the UK and the Ministry of Economic Affairs in Taiwan.

This first survey of its kind of UK companies operating in Taiwan was aimed at gauging their views on the local business climate and on how the British Office can best lend support UK commercial interests here. Working with the British Chamber of Commerce in Taipei, we approached UK businesses and asked them to submit their views. The survey was open from 5 June 2017 to 6 July 2017.

UK investment in Taiwan

UK firms have made significant investments in Taiwan over recent years and today there is a large British business presence in Taiwan. The British Chamber of Commerce in Taipei has 136 members at the time of writing and continues to grow as UK business interests and investment increase. Over the last ten years, UK investment in Taiwan has totalled \$3.96bn across a range of sectors from financial services to the pharmaceutical sector to ICT. This investment has taken many forms including high-quality FDI investment in new Research and Development facilities. A recent example being the decision by Oxford Instruments to expand its Asia Pacific Research and Development facility in





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Taiwan on 9 August 2017¹. In 2016, UK investments in Taiwan reached \$407.63m. Taiwanese investment in the UK over the same period was \$114.8m.

Survey findings

UK firms expressed overall optimism in the prospects for their operations in Taiwan over the next 12 months. 60% of respondents stated that they were either optimistic (40%) or slightly optimistic (20%) with 10% having a neutral outlook. This relative confidence in the Taiwanese economy is widely reflected by the leading economic think tanks. On 18 August 2017, the Taiwanese Directorate General for Budget, Accounting and Statistics, which provides the official forecasts for key macroeconomic indicators such as GDP growth, upgraded its growth forecasts for 2017 and 2018 to 2.11% and 2.27% respectively².



Views on Taiwan's economic development

Respondents were asked their views on the Taiwanese administration's industrial development policies as well as initiatives aimed at easing the regulatory burden on business and enhancing transparency. Firms voiced particular optimism about the prospects for reducing over-regulation in the financial services sector with 90% expecting this reform to take place. All respondents thought that the administration's efforts to encourage innovation in fintech and green finance were likely to be successful. The draft regulatory sandbox bill

¹<https://www.itri.org.tw/eng/Content/NewsLetter/contents.aspx?&SiteID=1&MmmID=617731531241750114&SSize=10&SYear=2017&Keyword=&MSID=745360027053217105>

² <http://eng.dgbas.gov.tw/ct.asp?xItem=41660&ctNode=3339>



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which is currently under consideration by the Legislative Yuan was a specific focus of firms with interest in fintech.

Support from the British Office

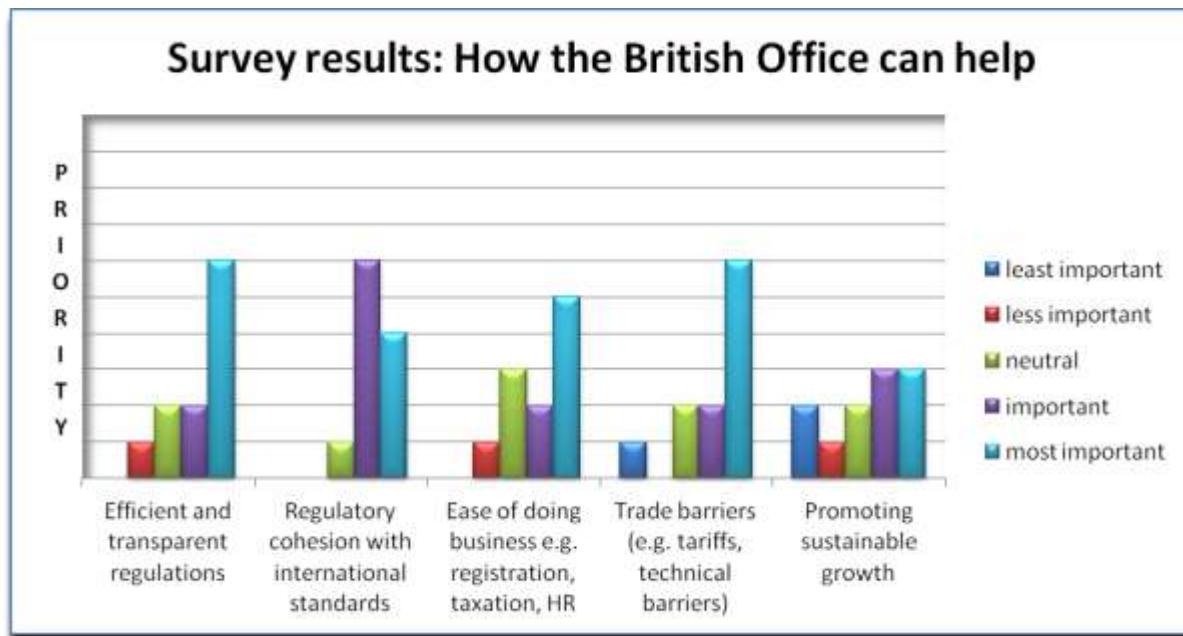
The survey also asked feedback on the areas that the UK-Taiwan trade talks should focus on and views on the relative importance of the British Office's work in support of UK economic interests in Taiwan.

Of these areas of work highlighted, more than half of respondents highlighted the following four areas as being either important or very important:

- Enhance efficiency and transparency in developing and implementing regulations;
- Regulatory cohesion with international standards;
- Ease of doing business e.g. registration, taxation, HR; and
- Trade barriers e.g. tariffs, non-tariff barriers, technical barriers to trade.

In terms of priorities for the UK Taiwan trade talks, the last round of which was held in Taipei on 26 September 2016³, feedback from the survey highlighted the importance of effective protection of intellectual property rights, financial services and co-operation in the WTO.

The forthcoming WTO MC11 Conference on 13-17 December will provide a further opportunity to enhance two-way cooperation on the WTO's trade liberalisation agenda particularly in the context of ongoing negotiations on potential plurilateral deals covering trade in green goods and trade in services.



³ <https://www.gov.uk/government/news/uk-trade-investment-minister-visiting-taiwan-to-strengthen-bilateral-links>



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Conclusion

This first survey of sentiment amongst UK Businesses operating in Taiwan shows that there is broad confidence in the prospects for the Taiwanese economy and for their own operations here in Taiwan over the next year. The survey also highlights important areas where the Taiwanese authorities could take further steps to make Taiwan more attractive to investors and further promote free trade.

The British Office welcomes the steps taken by the current Democratic Progressive Party administration to improve regulatory coherence and transparency by adopting a 60-day notice and comment period before introducing new measures. We also welcome efforts to encourage innovation in the fintech sector such as the draft regulatory sandbox bill.

We hope that this survey and our forthcoming bilateral discussions can be used to further enhance our thriving trade and investment ties. As major trading economies, the UK and Taiwan have a shared interest in working together to enhance the business environment and tackle barriers to trade and, by doing so, to lay the foundations for our future economic prosperity.



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