

Update on Taiwan's economic situation and business environment

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Reminder: some key figures about the Taiwanese economy

A SIZEABLE AND COMPETITIVE ECONOMY

- In nominal GDP: World's 21st economy, Asia's 6th economy
- World's 5th foreign currency reserve (468 bn USD to date)
- Industry still accounts for 35% of GDP (services: 63%)
- GDP : 589 bn USD (2018) = Malaysia + Vietnam.
- Population : 23 M inhabitants
- Unemployment rate: 3.71% in 2018

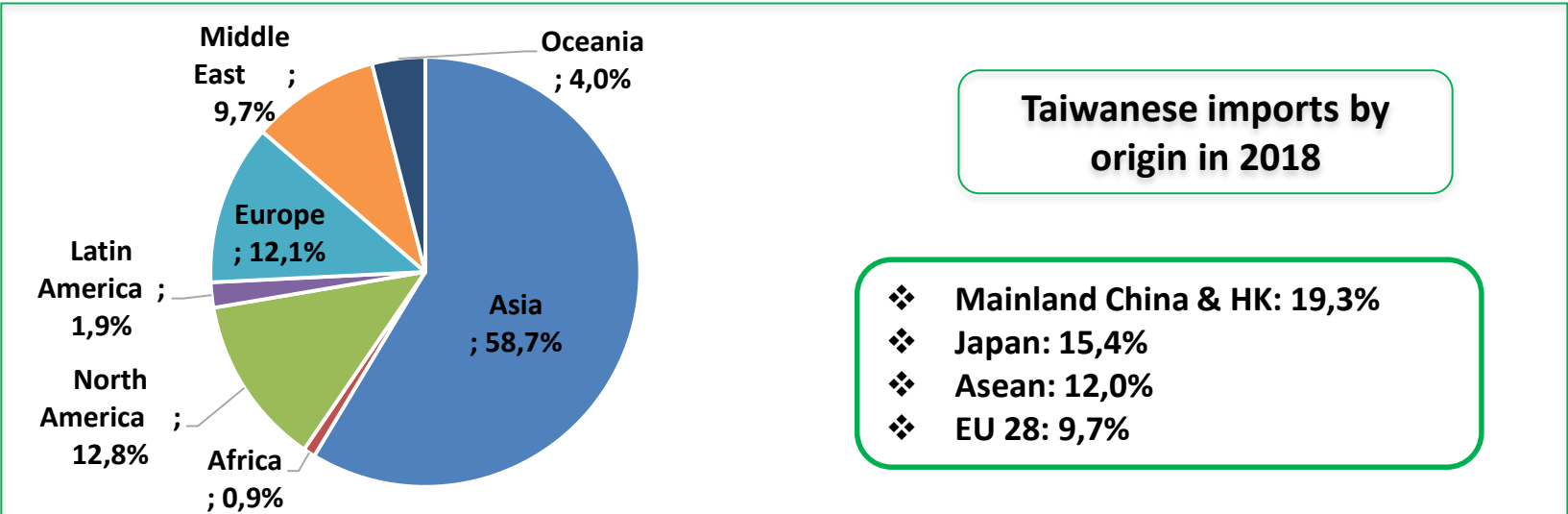
A LARGE POTENTIAL MARKET

- Relatively high revenues
 - Asia's 5th GDP per capita: 24,971 USD (France: 42,878 USD)
 - In PPP terms: 53,023 \$ / capita (France: 45,775 \$)
- World's 18th exporter and 17th importer of goods
- World's leader in IC industry



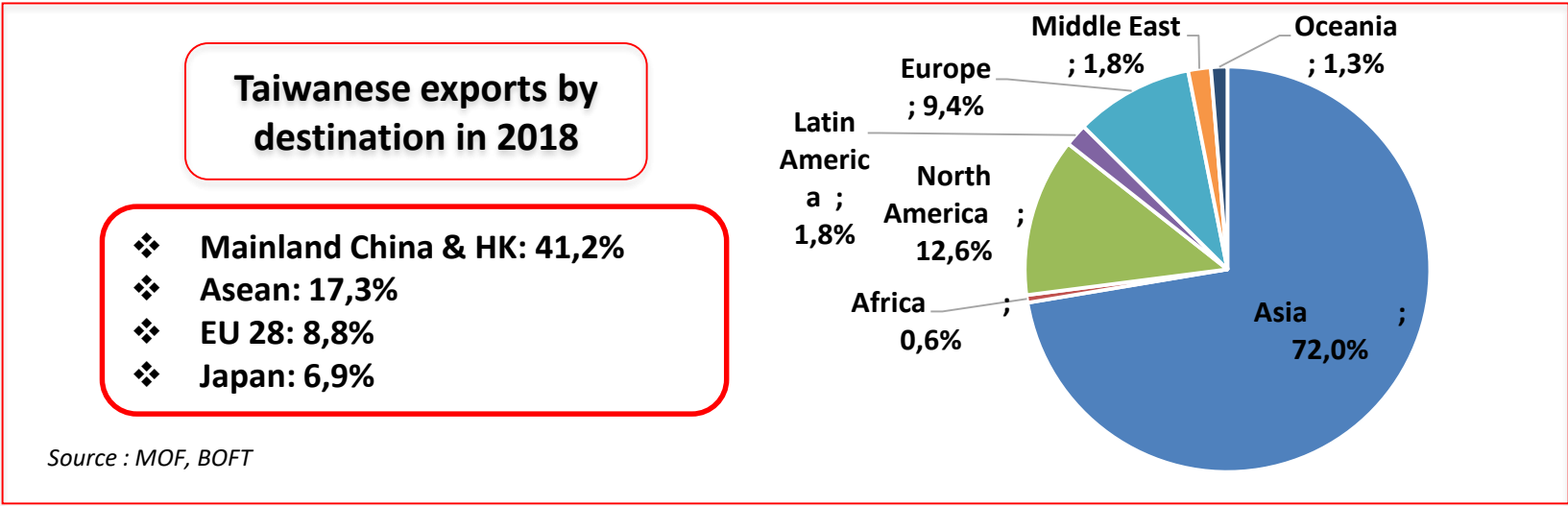
- **Competitiveness** : 13th / 16th most competitive economy according to WEF / IMD (France: 17th and 31st respectively)
- **Business Environment**: 13th in WB's Doing Business 2019
- In the **Heritage Foundation's Index of Economic Freedom** for 2019, Taiwan **ranked 10th** out of 186 countries (5th out of 43 economies in the Asia-Pacific region)

Taiwan's Foreign Trade partners



Taiwanese imports by origin in 2018

- ❖ Mainland China & HK: 19,3%
- ❖ Japan: 15,4%
- ❖ Asean: 12,0%
- ❖ EU 28: 9,7%

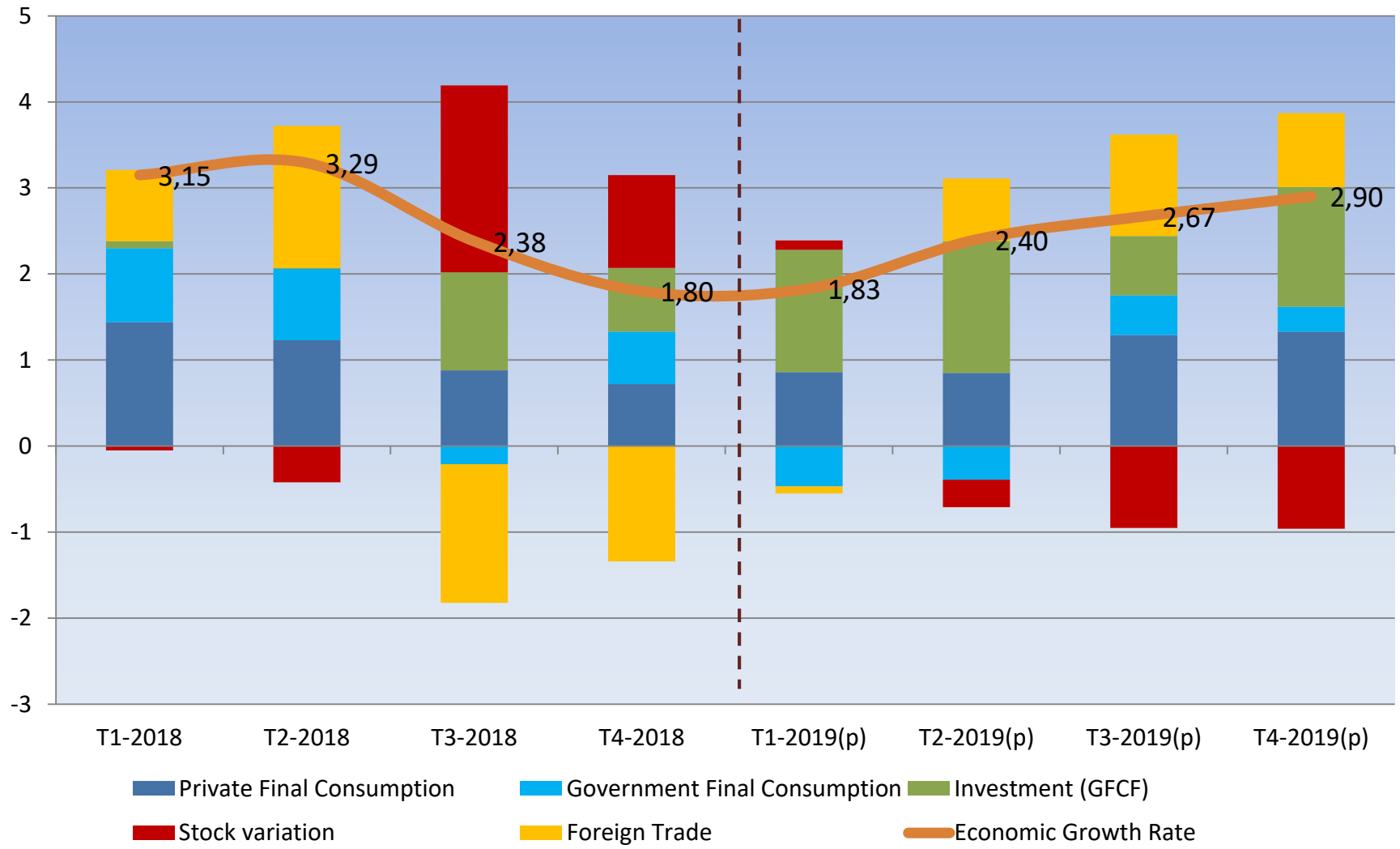


Taiwanese exports by destination in 2018

- ❖ Mainland China & HK: 41,2%
- ❖ Asean: 17,3%
- ❖ EU 28: 8,8%
- ❖ Japan: 6,9%

Source : MOF, BOFT

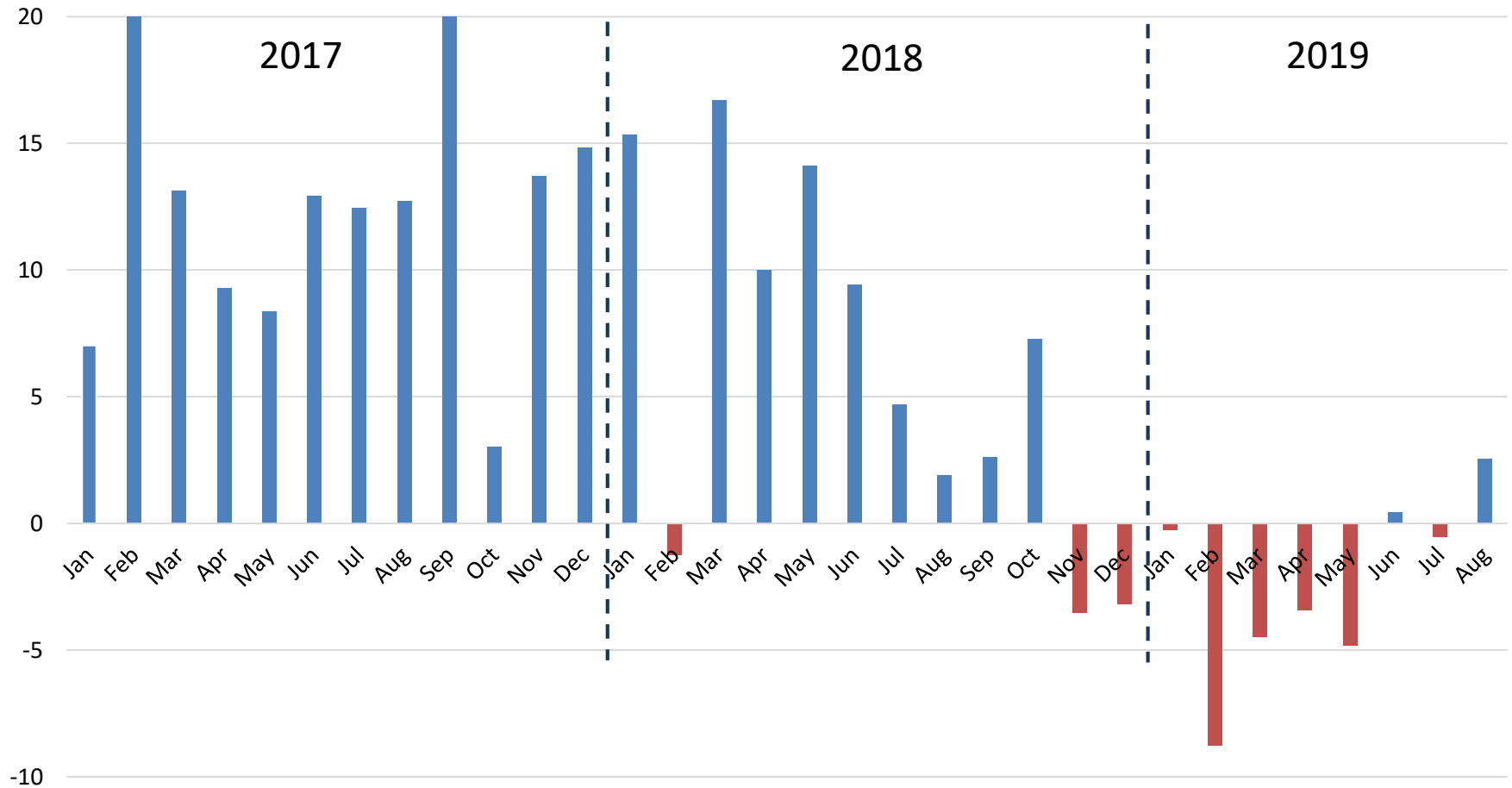
Macroeconomic trends in 2019 (1/3)



Source : DGBAS

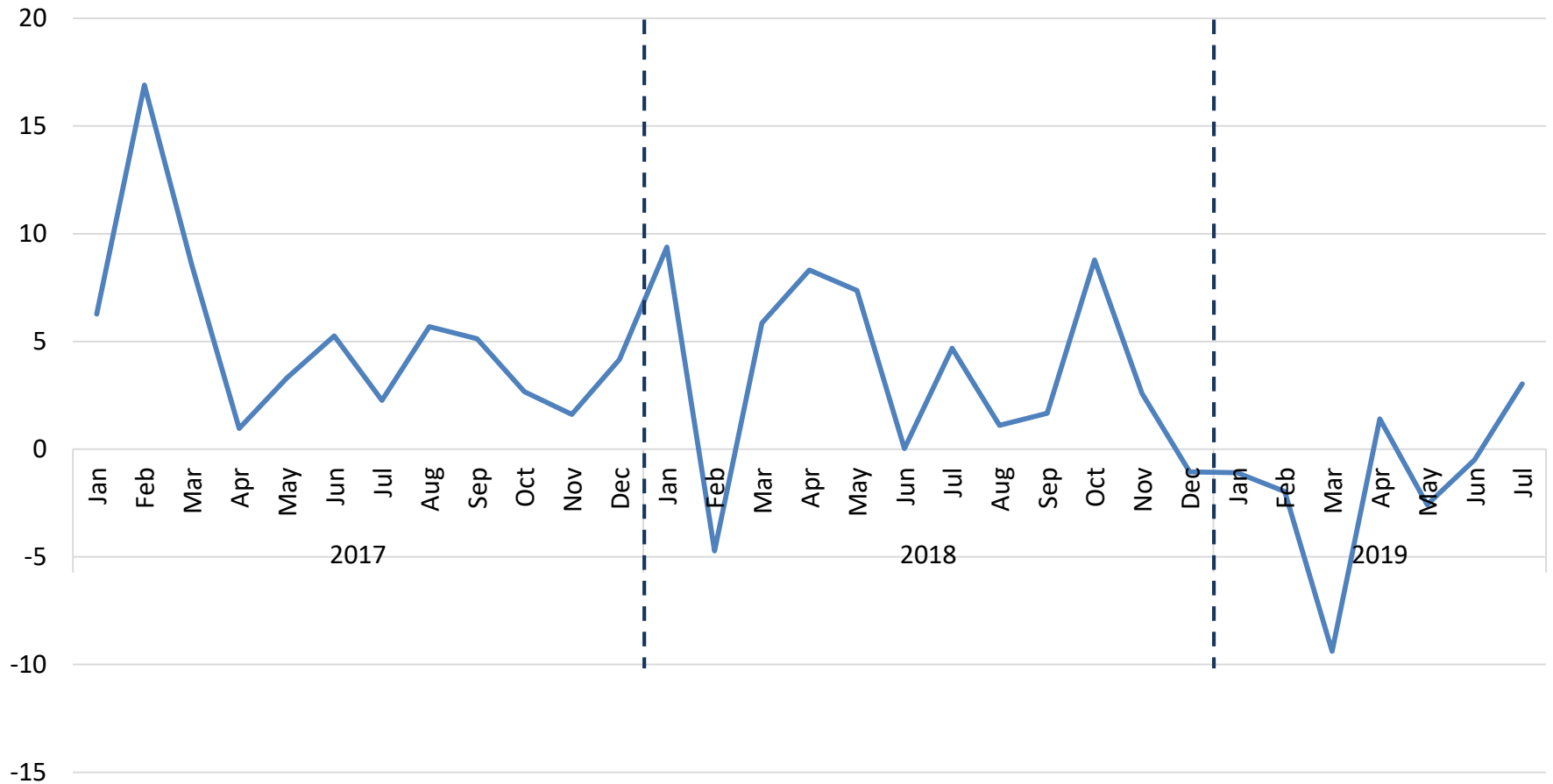
Macroeconomic trends in 2019 (2/3)

Exports(y-o-y variation)



Source : MOEA

Industrial Production Index (y-o-y variation in %)



Source : MOEA

Official forecast for 2019-2020

	2017	2018	2019(f)*	2020(f)*
Economic Growth	+3,08%	+2,63%	+2,46%	+2,58%
Inflation	0,62%	1,35%	0,67%	0,82%
Unemployment	3,76%	3,71%	3,70% (Jan.-Jul.)	-
Private final consumption (yoy)	+2,54%	+1,99%	+2,03%	+2,05%
Investment (GFCF) (yoy)	-0,12%	+2,47%	+5,96%	+3,56%
Government final consumption (yoy)	-0,63%	+3,66%	-0,12%	+2,28%
Exports (FOB)	+13,17%	+5,88%	-1,24%	+3,58%
Imports (CIF)	+12,45%	+10,44%	+0,07%	+3,84%
Balance (Bn USD)	57,9	49,5	45,2	46,0

Source : DGBAS (*) : forecast for 2019-2020 (updated on August 16th 2019)

Quick outlook on the political environment

- ❑ **Presidential election in January 2020**
- ❑ **President TIW benefits from the Hong Kong crisis**
- ❑ **Cross-strait relation at a very low point**
- ❑ **Diversification of foreign partnerships struggling**
 - ❑ **Discussions for new bilateral agreements (CPTPP,...)**
 - ❑ **Restriction of Taiwan's space on the international stage continues**
- ❑ **Transformation of the industry towards more added value**
 - The '5+2...+ 3' Priority Innovative Industries : Biotechnologies, green energy, smart machinery, IoT, defense industry + new agriculture and circular economy + semiconductors, digital economy, creative industries.**
 - The positive effect of the return from China of Taiwanese groups**
- ❑ **Foreign investments surge in 2019 especially from the GAFAM.**
- ❑ **Major social challenges to face both in the short term (housing, salaries, inequalities) and the long term (demographics)**

- ❑ A strategic asset for the Taiwanese economy
- ❑ A new energy mix towards 2025 under discussion.
- ❑ A successful sustainable energy policy.
- ❑ Civil nuclear power at the cross road
- ❑ Success of French company in the floating solar industry.
- ❑ The new concept of circular economy

About the business environment: pros/cons

The business environment presents a general good quality

Positive aspects include:

rule of law, intellectual property protection, openness to foreigners, low cost of labor and commodities, trustable and efficient workers and partners, geographical situation, strong culture of international trade, quality of life in general

Weaknesses include:

Strict application of heavy administrative regulations, modest market size, extremely strong price-based competition, lack of creativity from employees, political interference at local level can happen

Taiwan struggles to attract foreign investments and talents at the level it needs

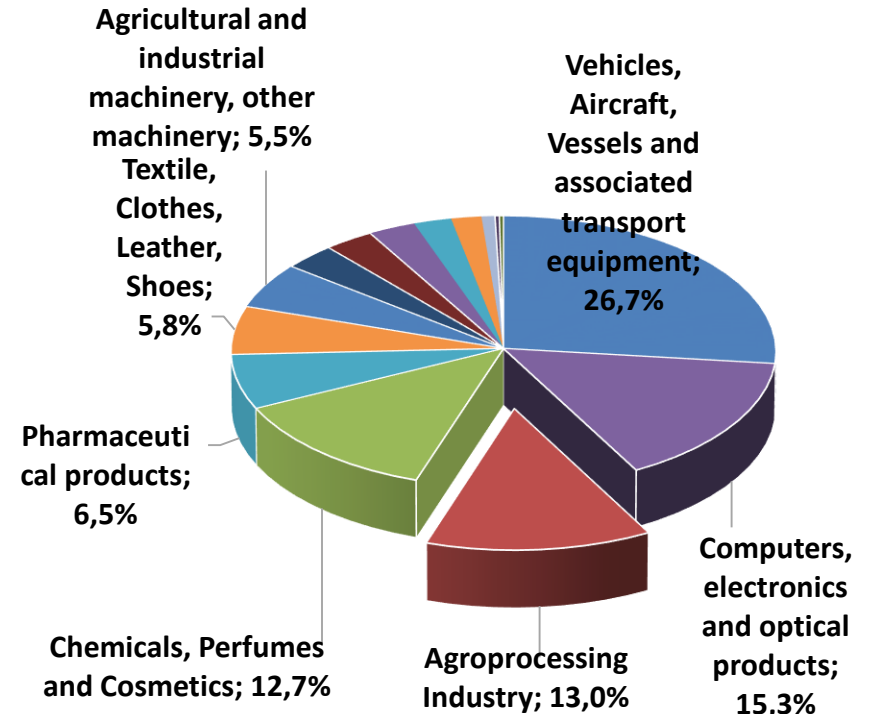
- ❑ **Luxury:** LVMH, Dior, Hermes, Chanel, Longchamp...
- ❑ **Cosmetics & pharma:** L'Oreal, Pierre Fabre, Clarins, Sanofi, Servier, Biomerieux, Merial, Virbac, IRCAD...
- ❑ **Retail:** Carrefour, Auchan/RT Mart, Decathlon, Agnes B
- ❑ **Food and beverage:** Pernod Ricard, Moët Hennessy, Remy Cointreau, Savencia, + numerous importers, sellers, restaurants...
- ❑ **Finance:** BNPP - Cardif, CA-CIB, Société Générale, Natixis, Amundi
- ❑ **ITC & electronics :** ST Micro, Atos, Schneider Electric, Thales, Dassault Systèmes, Sigfox, RECIF Technologies, EXAGAN, SET,...
- ❑ **Industry / other :** Air Liquide, Airbus, Alstom, Arkema, Michelin, Suez/Sita, Veolia/Onyx, Safran, Eramet, Systra, CMA-CGM, Fatton, Peugeot, Bureau Veritas, Publicis,...

France's foreign trade with Taiwan

French exports to Taiwan in 2018

- ❖ Total Trade in 2018 : 4,7 bn EUR (France, 20th trade partner of TW)
- ❖ French imports : 2,52 bn EUR (20th client of TW)
- ❖ French Exports : 2,18 bn EUR (16th supplier of TW)

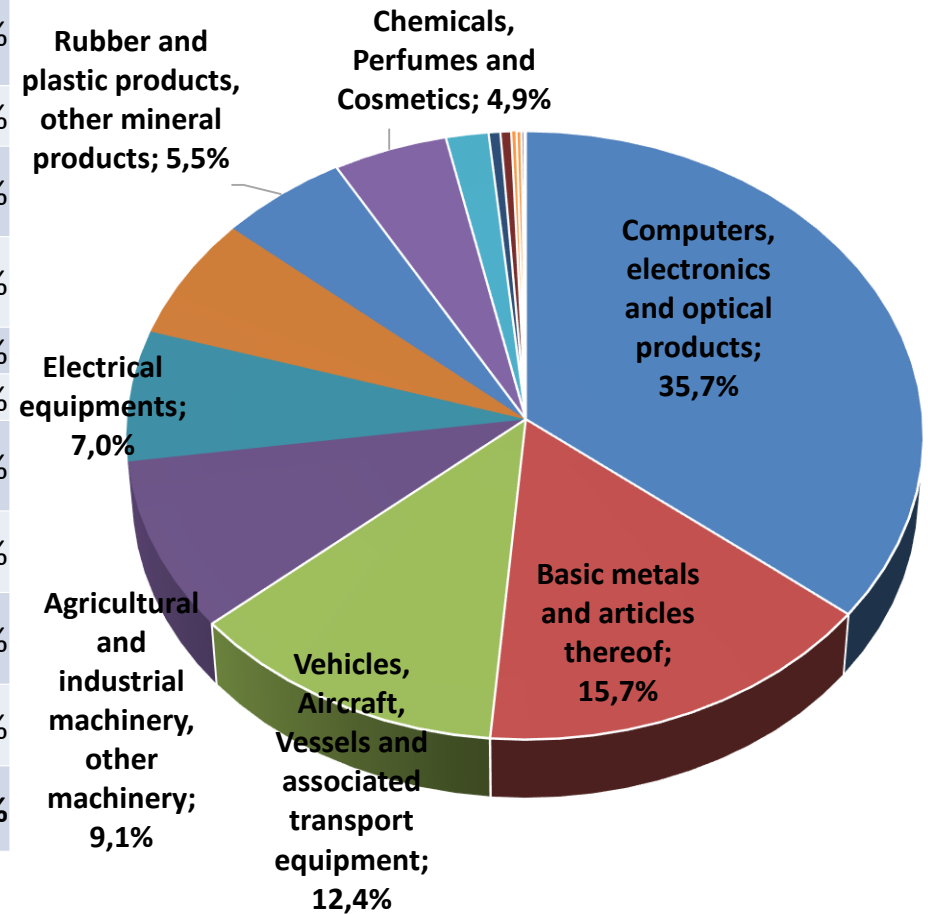
Commodities	Value K euros (growth yoy)	
Vehicles, Aircraft, Vessels and associated transport equipment	583 448	(-58,2%)
Computers, electronics and optical products	333 548	(+41,8%)
Agroprocessing Industry	283 283	(-0,1%)
Chemicals, Perfumes and Cosmetics	276 883	(+6,6%)
Pharmaceutical products	141 462	(+5,9%)
Textile, Clothes, Leather, Shoes	125 608	(+2,6%)
Agricultural and industrial machinery, other machinery	119 249	(+45,0%)
Basic metals and articles thereof	68 460	(+9,1%)
Electrical equipments	49 771	(+7,3%)
Rubber and plastic products, other mineral products	39 953	(-4,9%)
Total	2 182 492	(-21,3%)



France's foreign trade with Taiwan

French imports from Taiwan in 2018

Commodities	Value K euros (growth yoy)	
Computers, electronics and optical products	899 621	-32,3%
Basic metals and articles thereof	395 356	+6,2%
Vehicles, Aircraft, Vessels and associated transport equipment	311 944	-6,5%
Agricultural and industrial machinery, other machinery	228 857	-5,7%
Electrical equipments	175 356	-1,4%
Other manufactured products	164 452	-5,6%
Rubber and plastic products, other mineral products	137 718	+1,6%
Chemicals, Perfumes and Cosmetics	122 924	+9,7%
Textile, Clothes, Leather, Shoes	45 819	-17,8%
Agroprocessing Industry	12 603	+3,9%
Total	2 521 818	-15,5%



Source : French Customs

Conclusion: perspectives for French companies

- ❑ Short term economic perspectives are decent, and successful long-term development a challenge but innovation potential exists
- ❑ Europe seen as an important partner by the government
- ❑ France benefits from a strong image in traditional fields : Agrifood, luxury, live-style, retail, ... but also in the semi-conductor industry.
- ❑ Historical scientific and cultural cooperation
- ❑ Growing image on Innovation and 'Green' -> a new dynamic around start-ups exchanges, R&D cooperation, Innovation-related partnerships, Smart cities, etc.
- ❑ A good presence today: around 200 companies, >30.000 direct jobs, French office in Taipei and CCIFT recognized partners for the business community

THANKS FOR YOUR ATTENTION