Jong-Chin Shen – Minister of Economic Affairs, Republic of China (Taiwan)



Taiwan's investment environment offers many advantages to international enterprises

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Taiwan's Minister of Economic Affairs, Jong-Chin Shen, outlines the initiatives implemented by the Ministry to help Taiwan's industries reinforce their competitive advantage. Minister Shen also goes on to explain the Ministry's specific role within the Biomedical Industry Innovation Promotion Program under the administration's 5+2 Innovative Industries Policy.

What is your current assessment of Taiwan's comparative attractiveness to international investors and FDI inflows?

Major international assessment institutions all rank Taiwan's investment environment very highly. For example, in the World Economic Forum (WEF)'s Global Competitiveness Report 2018, Taiwan ranked as the world's 13th most competitive economy and fourth in East Asia and the Pacific, including a fourth-place global ranking in the innovation capability category. In addition, BERI's first Business Environment Risk Report of 2019 ranked Taiwan fourth best in the world and second in Asia – behind Singapore – and ranked Taiwan fourth overall in its Operations Risk Index.

Taiwan's investment environment offers many advantages to international enterprises. First, Taiwan is well-positioned at the centre of East Asia, making it a hub for transportation throughout Asia and an excellent choice as an Asia-Pacific operations centre. Second, Taiwan offers unique strengths in manufacturing capability, including top-ranked expertise in areas such as

manufacturing process innovation and product commercialization. Other advantages Taiwan possesses include well-developed industry clusters, excellent workforce quality, and strong intellectual property rights protection. These all make Taiwan a preferred location for foreign enterprises in areas such as establishing strong cooperative relationships and engaging in R&D and other innovation activities. For example, Intel and Qualcomm plan to expand their cooperative activities in Taiwan in the area of 5G, while Google has set up an R&D base in Taiwan, and Microsoft has established an AI R&D centre here. In addition, Taiwan has a developed and diverse consumer market, making it an attractive location as a pilot market for foreign companies looking to expand in Asia.

What steps is the government taking to further enhance Taiwan's international business environment?

The government of Taiwan is actively implementing the 5+2 Innovative Industries Program, which brings many resources to bear in support of sectors that will be the core drivers of Taiwan's next-generation industrial growth. These sectors – which are closely tied to Taiwan's Asia Silicon Valley Plan – include smart machinery, Internet of Things (IoT), biotech-pharmaceutical, green energy, defence, new agriculture, and circular economy. Each of these offers abundant opportunities in terms of investment. In addition, in the face of complex communication network security challenges, the Sino-US trade war, and ongoing conflicts in the area of science and technology, Taiwan can offer foreign investors advantages in terms of security and reliability.

In order to strengthen and streamline our investment services, we have established the 'InvesTaiwan' platform. This is a one-stop window that provides specialized, dedicated, and fully customized services to assist and promote foreign investment in Taiwan, as well as assist Taiwanese firms looking to shift investment back to Taiwan. In addition, in light of the impact of the Sino-US trade conflict, the Ministry of Economic Affairs (MOEA) has implemented a "Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan Action Plan" to assist Taiwanese enterprises that are looking to move capacity and operations back to Taiwan. As of May 9 this year, a total of 52 manufacturers had qualified to participate in this program, representing a total investment in excess of USD 8.88 billion. Their re-investment in Taiwan is expected to create more than 27,000 new domestic employment opportunities. In the future, the MOEA will continue to assist negatively-affected Taiwanese companies to move their production bases back to Taiwan, transforming "Made in China" into "Made in Taiwan" and helping these companies to build new high-value-added industrial supply chains in Taiwan. We sincerely welcome both foreign and

Taiwanese companies to invest in Taiwan and utilize the advantages we offer to create new business opportunities.

What are your key priorities to re-ignite the growth of Taiwan's economy?

The MOEA's vision is to build a new model of economic development with innovation, employment and equitable distribution as the core principles, promote industry innovation in Taiwan, and expand trade outlets and sustainable energy management, in order to create an environment that is beneficial to economic growth and sustainable business operations and development. Five main strategies have been identified for this mission.

The first strategy addresses industry innovative R&D. The MOEA will guide Taiwan's industry in transforming and upgrading through innovation, actively implementing the 5+2 program, promoting cross-border e-commerce and emerging business models, and comprehensively optimizing the industry structure.

Second, enhanced support will be given to startups and SMEs. A comprehensive startup ecosystem will be established to assist SMEs in obtaining funding, developing tech applications, enhancing competitiveness in innovation, and vitalizing local economies.

Third, we will focus on energy transition by actively fostering the development of the new energy and renewable energy sectors, moving toward a nuclear-free Taiwan, ensuring stable power supply, promoting maximum energy conservation, enhancing energy-use efficiency, implementing early-stage energy management, and enhancing international cooperation in the field of energy.

Next, trade outlets will be expanded and diversified. The MOEA shall build comprehensive economic and trade relationships by enhancing expansion in emerging markets, carrying out the New Southbound Policy, and enhancing links with advanced economies.

Finally, the investment environment will be improved overall. This will be achieved by removing investment obstacles, solving the problems of insufficient water, power, land, etc., continuing to carry out regulatory reform, and actively soliciting foreign investment in Taiwan around the globe.

The Sino-US trade conflict has had an impact on global economic growth and Taiwan exports while domestic demand has become an important driver of growth. The investments made by returning companies have continued to increase this year, generating more economic growth momentum. The MOEA will continue to monitor developments in the ongoing Sino-US trade conflict and come

up with appropriate response measures.

What is the role of the Ministry within Taiwan's National Science and Technology Development Plan?

Working in coordination with the National Science and Technology Development Plan and the 5+2 Innovative Industries Program, the MOEA utilizes the R&D capabilities accumulated through diverse technology projects to carry out integration of the special characteristics of various organizations and combine the capabilities of industry and academia in each locality to strengthen cross-industry/academia technological innovation, address complex systemic needs of industry, and increase the economic effects of technology development programs.

In November 2016, the government launched the "Biomedical Industry Innovation Promotion Program," which focuses on biopharmaceuticals, medical devices, and health and well-being, as well as three key developmental efforts, namely "Development of Niche Precision Medicine," "Development of International Grade Medical Treatment," and "Promotion of Health and Well-being." The program includes initiatives to develop a sound ecosystem promoting growth with respect to the regulatory regime, talent cultivation, funding, etc.; link related innovation clusters across Taiwan into an integrated corridor; and forge connections internationally by promoting mergers, strategic alliances, etc.

The targets set for Taiwan's biotech pharmaceutical industry for 2025 are a production value of over USD 30 billion, development and international marketing of 20 new drugs, introduction to the international market of 80 new medical devices, and fostering of at least ten flagship health-service brands. The effort to achieve these targets will stimulate breakthrough growth in the production value of Taiwan's drug, medical device, and health & welfare industries, boosting annual growth from the current level of about six percent to approximately nine percent by 2025.

How are you supporting the program's aim to encourage translational research and spur the commercialization of academic research?

Taiwan produces more than 5,000 life science graduates each year, and many Taiwan biotech-related research institutions are involved in forward-looking R&D, with respect to new drugs, medical devices, etc. This illustrates that in the field of biotechnology, Taiwan possesses ample basic research manpower and robust technology R&D capacity.

The BioMed Commercialization Center (BMCC) was set up in 2017 under the Biomedical Industry Innovation Promotion Program. The centre includes two divisions, to promote the commercialization of medical devices and new drugs, respectively, with the MOEA providing assistance for the latter.

The BMCC selects academic research projects with commercialization potential and provides guidance on planning and resource coordination, as well as project management counselling. Next, the BMCC provides IP consulting to strengthening core technology IP planning and patent protection for the extension of product life cycles. Additionally, the centre assists research teams with one-stop service for successfully starting a business with respect to planning, raising funds, seeking international partners, etc. The BMCC also serves as an industry-academia bridge during the entire commercialization process from the beginning licensing up through creating added value. It has set up mechanisms and teams to explore and introduce international biotech by utilizing diverse international networks to encourage exchanges. Finally, the BMCC has established a knowledge-dissemination platform to identify industry inventory and trend observations. This enables biotech industry clients to have additional channels to receive even more professional knowledge and information.

The MOEA utilizes the organizations' research capacity to carry out translational research and transfer forward-looking technology to the industry. In addition, through the BMCC, the MOEA links academic and research institutes' R&D resources to unearth research results that have market potential. Lastly, the MOEA also provides needed services for existing domestic manufacturers' commercialization promotion by accelerating the product-to-market process, ultimately driving the Taiwan biotech industry's sustainable development.

What is your strategy for building a business-friendly environment which will encourage local industry expansion, attract international investment, and bolster trade activities?

With respect to enhancing investment services and establishing a business-friendly environment, the InvesTaiwan Service Center provides customized one-stop services to help resolve issues of concern to businesses.

As for bolstering exports, we provide digital marketing and local services to assist Taiwan enterprises in tapping overseas markets. This includes enhancing the Taiwantrade website's B2B platform, providing localized services through the domestic and overseas offices of the MOEA and the Taiwan External Trade Development Council (TAITRA), combining industry summits, and

promoting the 5+2 program in New Southbound markets. We are also leveraging the Taiwan semiconductor industry’s advantages to engage in international collaboration with the U.S. semiconductor and information security sectors, the EU sectors of ICT, aerospace, smart manufacturing, etc., the Middle East Halal industries, several Central and South American nations, and the wider African and Latin American markets.

What final message would you like to deliver on behalf of Taiwan’s Ministry of Economic Affairs?

In the long-term, we will enhance the competitive strength of Taiwan’s industry through the 5+2 Innovative Industries Program. We will work with international teams and local government to introduce high-level talent and technology into Taiwan, enhance innovative industry clustering and system integration capabilities, attract more foreign and domestic investment, and foster links with global innovative capacity.

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