William Foreman – President, AmCham Taipei



Right now, US-Taiwan relationships are the best they have been in decades

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William Foreman, president of AmCham Taipei, describes the attractiveness and challenges of Taiwan's business landscape and the implications of US-China relations on the island. Foreman goes on to highlight the key issues facing the chamber's healthcare members and concludes with a message about the necessary next steps to further enhance Taiwan's position as an active player in the global economy.

With almost 70 years since its founding and more than 500 company members, AmCham has become the largest, most effective business organization in Taiwan. Considering your unique positioning among Taiwan's business landscape, how would you say the attractiveness of Taiwan has been recently evolving from the perspective of American companies?

Most recently, Taiwan is having success in positioning itself as a safe haven for intellectual property (IP). It is a place in which companies feel confident in establishing their R&D centres as is the case with several of the biggest names in IT like Google, Amazon and Microsoft. This is going to be an important feature for Taiwan to continue strengthening this reputation.

In addition to some of the major investments coming from AI development and IoT, there is also a great potential for the biotech industry. Many companies are shifting their supply chains Taiwan and we will see some R&D and high-value manufacturing coming back to the island, which poses a

significant opportunity.

Considering the current US-China trade war, how do you expect to see the trade relationship between Taiwan and the US evolving?

In many ways, this is a huge opportunity for Taiwan as it can help strengthen its relationship with the US. Right now, US-Taiwan relationships are the best they have been in decades. Taiwan really needs to continue to think of ways to seize opportunities and always be prepared to capitalize on any unexpected policy changes that could play to its benefit. Amid this unconventional situation, Taiwan needs to think about equally unconventional ways to strengthen its relationship with the US.

Strengthening global supply chains for ICT components and materials is also crucial in this setting. Taiwan is already a vital link in this chain, but even more can still be done. The primary focus needs to be on making Taiwan indispensable – positioning itself so that the island cannot be ignored. Taiwan is under pressure from China and will continue to feel this weight. The best long-term strategy for Taiwan is to avoid circling in the wagons to develop a 'Taiwan for the Taiwanese' strategy, but rather to open up and internationalize, becoming even more integrated within the global economy so it cannot be marginalized in ways that would make Taiwan a non-player.

President Tsai's 5+2 policy aims to foster the development of local, innovative industries to build the new economic model of Taiwan. What role do you see for American companies in fulfilling this objective?

American companies can play a special role in partnering with Taiwanese companies for certain fields, e.g. in the process of shifting toward 5G. Some European companies are more advanced than American ones in this area and can already provide a turnkey solution to solve a majority of challenges. Telecom companies in Taiwan are currently facing a decision of whether to stick with European players or work with American companies who will have to be closer partnered with local companies to jointly provide a complete solutions package. Through this collaboration with American IT companies, the local industry will gradually be able to raise their own capabilities in 5G. This partnership between American and local companies is a model that has already proved to work very well in Japan.

In your dialogue with government officials, to what extent do you feel the value of international companies is recognized enough or is the focus essentially on boosting the growth of the local industry?

Over the past few years, we have seen a renewed appreciation and greater awareness regarding the importance of foreign investment. As a specific example, Taiwan has historically been very suspicious of private equity, some viewing it as vulture capitalism where investors will buy a local company, de-list it, drain the blood out of it, flip it for profit, and move on. However, we have seen this change over the past year with stakeholders becoming more welcoming of private equity investors. This is very promising for Taiwan because many SMEs are undergoing a generational shift in which founders are retiring and children do not want to take over the family business. Private equity can bring management expertise and global linkages to help those companies evolve to the next level.

What are some of the main issues American healthcare companies face when operating in Taiwan at the moment when the pharma and biotech sectors are government priorities?

Patent linkage has been a major issue that we are on the verge of resolving. However, there has been some resistance to implement patent linkage regulations that would provide coverage for biologics and biosimilars – one of the biggest growth drivers of the industry today. IP protection is quite strong overall in Taiwan, but the legislation is slow to change because local pharmaceutical companies have proven to be quite refractory.

What role is AmCham playing in this regard?

AmCham works very closely with the industry and serves as a channel to the government. We have done plenty of work in creating forums where both sides can discuss the issue and find ways to resolve it. AmCham a three-part mission to drive advocacy, information sharing through our monthly-published magazine where we highlight issues, and networking.

What is AmCham’s position to help Taiwan-based companies attract foreign professionals and industry experts, particularly from the US.?

This is a real issue for Taiwan as salaries are relatively low compared to the US. The best way for AmCham to address this issue is by first trying to be a force that helps catalyse innovation in Taiwan and position it as an innovation hub. This is key is creating jobs with higher salaries and better benefits packages. We must help companies become more innovative, something that international companies do well. Through our advocacy work, we are trying to create a better business environment for MNCs so that they can create more interesting jobs and help local companies raise the bar.

The second thing AmCham does is deliver the message to the government that emphasis should be placed on career development than labour reform. Many companies are currently paying fair wages but there are also workers, especially blue-collar workers, that are being exploited. Therefore, the government passed a labour law a few years ago to treat all workers the same way, for example by filing a timesheet. While this is a step in the right direction that will benefit many people, as a knowledge-based economy, you do not get ahead by racking-up a lot of over-time to deliver on projects. Anywhere with access to the internet can be a workplace. People who work in innovative companies are often working across time zones, so it is not practical to force such regulations on these types of workers. The focus should be on creating an environment that is more conducive to innovative industries and companies.

Beyond the financial package, Taiwan has a very high quality of life and a relatively low cost of living. It is possible to have a nice apartment and enjoy great cuisine for a less expensive rate than some other advanced economies. Taiwan has a lot of people coming from China willing to live in a more conventional, healthier place.

What are your strategic priorities to ensure that American companies continue to expand their activities in Taiwan and the trade relationship between the two societies continue to flourish in the upcoming years?

My general priority is to improve the business environment in Taiwan by making it more open, innovative, and prosperous. Most of AmCham’s member companies have been operating in Taiwan for more than 30 years The most important thing for AmCham is that we do not want to be seen as a critic on side-lines of the government but as a partner working collaboratively to advance Taiwan and help facilitate this transition from low-end manufacturing to the higher-end innovative industries. In this case, we still have a lot of work to do.

What advice would you give to potential Taiwan investors that would read this interview?

There are a lot of great opportunities here. Most companies would not think of Taiwan as a key market like China or India despite not always making much money there. In many ways, Taiwan is not the easiest place to do business and many companies choose to launch new products in Hong Kong or Singapore due to easier approval processes. As an island, it can have a very insular culture and lack of global vision, quite often making its own regulations when there are already global best practices which could easily be adapted. Although this image is a challenge for Taiwan, the demographics are changing. Overall, there are some promising trends here – there is wealth and opportunities, especially for pharma companies and those doing business in medtech. Within AmCham, we see that the government is willing to listen and over the past two years there has been very good momentum in progressing Taiwan's ecosystem.

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