

# TAIWAN



## NO SMALL ISLAND

**F**or a country that occupies just over 13,000 square kilometers, Taiwan's geographical size belies its economic clout and political importance in Asia and the rest of the world. Together with Singapore, South Korea and Hong Kong, Taiwan was among the so-called Asian Tigers that impressed the world with their rapid industrialization in less than a generation following the devastation of the Second World War.

From an agricultural economy with a per-capita gross national product of only \$170 in the 1960s, Taiwan catapulted itself from the ranks of the underdeveloped countries in Africa to a hotbed of pioneering technology in the 21st century. It now boasts a per-capita GDP of over \$35,000.

Because of its contentious political status, Taipei, perhaps like no other government, has had to

harmonize its international trade strategy more diligently with its foreign policy to ensure that its *de facto* allies and trade or partners can conduct their business with Beijing effectively.

In recent years, Taiwan appears to have struck that optimum balance in this increasingly integrated world, wherein hard dogma has had to occasionally accommodate practical realities.

So, while staying faithful to its autonomous identity, Taipei has also opted to be less confrontational about it and be more pragmatic in dealing with its much larger, fast-growing neighbor across the Straits. And Beijing appears to have adopted the same attitude.

Clearly, that accommodation in diplomacy has allowed Taiwan, al-

ready standing on very strong economic fundamentals, to emerge from the 2008 global economic slump virtually unscathed and resume its dynamic performance soon after.

The numbers provide a clearer picture of Taiwan's economic strength, as well as of its improving and more integrated relations with China.

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**TAIWAN  
FREE TRADE ZONE**  
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**Advantages of Taiwan Port Free Trade Zones**

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# No small island

While the global economy recovered in 2009 and posted an average gross domestic product (GDP) growth of 5 percent, Taiwan's GDP surged 10.82 percent, its highest level in 24 years, on the back of stronger exports and more robust domestic demand. And unemployment has sunk to a 30-year low.

But because of its very limited domestic market, Taiwan has prioritized overseas trade relations, especially with neighboring China and long-standing partner the United States.

A watershed in cross-strait relations, the Economic Cooperation Framework Agreement, or ECFA, was signed by Taipei and Beijing in 2010 and designed to reduce eliminate tariff and trade barriers between the two sides.

Currently, mainland China is Taiwan's largest export market, followed by Hong Kong, and bilateral trade is estimated at \$110 billion.

Because about 42 percent of its goods go across the Straits, the Taiwanese government headed by President Ma Ying-Jeou has recognized the need to diversify its export markets if it wants to remain globally competitive in the long run.

With the United States, Taiwan entered into talks for a Trade and Investment Framework Agreement or TIFA. Negotiations have stalled the past three years but both sides remain determined to finalize a free trade agreement (FTA).

"We would like to have an FTA with the United States. I know that it is not very easy at this stage, but the importance is evident. There is going to be an FTA with Korea, the European Union, and ASEAN+1. But this is not enough. This is only one step," said Foreign Minister Yang Chin-Tien.

"If we do not have a similar arrangement with the United States, Taiwan will be in a very disadvantageous position. We will not be able to compete with say, Korean products," the foreign minister added.

## Home improvement

While looking further afield to improve trade relations with its neighbors, Taiwan has also launched a multibillion dollar infrastructure program that is aimed at improving the quality of life, attracting more foreign investment, and making the country an the most dynamic trade and transport hub in Asia.



Once Asia's tallest building, the Taipei 101 still embodies all the economic and technological achievements of Taiwan in the past several years.

The ambitious plan involves the construction of new roads, high-speed rail links, airports, and seaports, with some projects falling under a build-operate-transfer scheme open to international capital.

"The Ministry of Transport and Communications has a special mission. Because Taiwan is an island, it is very important to have good air and sea transport networks," said Deputy Minister Yeh Kuang-Shih.

One of the ministry's major projects is the renovation of Taoyuan

International Airport's Terminal 1 and 2. With the completion of the improvements next year, the facility will raise its current annual capacity from 32 million passengers to 37 million by 2012, and to 45 million by 2018 with the opening of a third terminal, according to Yeh.

The so-called 18,000-hectare "aerotropolis" in Taoyuan will contain hotels, convention centers and free trade zones, which play a vital role in the country's economic development program.

Outside of Taoyung, the gov-

## Home-grown banks look across the Straits

Amid efforts to internationalize its trade further, Taiwan has not neglected the importance of keeping its domestic economy stable and making it attractive to potential foreign investors.

Among the key pillars that kept the Taiwanese economy strong during the deep and protracted recession from 2007 to 2008 was its stable financial sector and banking industry.

"Our financial structure has been in a stable position because we follow our own regulations. In fact, we have a surplus in our current account every year," stressed Finance Minister Lee Sush-Der.

To make the local economy more attractive to international capital, the government of President Ma Ying-Jeou instituted drastic tax cuts.

"We did a lot of tax reform. After 30 years, our flat rate was lowered to just 10 percent. So, a lot of money is coming back already. Corporate income tax was also lowered from 25 percent to 17 percent for all businesses," said Lee.

In the wake of those new measures, the banking sector has experienced a resurgence of activity, with Taipei-based Mega International Commercial Bank reporting impressive

profits last year.

While banking giants around the world struggled to get back in the black, so to speak, Mega ICBC posted a 2.44 percent increase in its pretax income last year.

A product of a merger of the International Commercial Bank of China and Chiao Tung Bank in 2006, Mega ICBC has grown to become one of the country's largest financial groups, with 107 local branches, 19 overseas branches, and 3 representative offices abroad.

As of 2010, the multi-awarded bank had assets of just over \$85 billion dollars. Only fourth in size, Mega ICBC, however, emerged at the top of the industry in terms of profits.

"Our relentless goal is always to be the number one bank in Taiwan through steady and not volatile growth. We'd like to increase our international side," said Chairman Tsai Yeou-Tsair.

"Our bank's specialty is international trade. If a foreign company wants to come to Taiwan, we have very good connections for them. We can advise them, and they can use our network. We have a deep knowledge of industry over the past 60 years," Tsai added.

To remain competitive globally, Mega ICBC is further expanding its operations in China this year and in the Middle East.

"We signed cooperation agreements with Bank of China and Bank of Communication in the first quarter of 2011. But we are not ruling out the possibility of forming an alliance with other leading Chinese banks," said Tsai.

"Our bank may also be a good bridge for foreign banks and other institutions to get into China," he also said.

Like all players in the local industry, Fubon

Financial Holding has staked its future growth on its business with mainland China.

Fubon Financial Holding owns Taipei Fubon Bank as well as the country's second-largest life insurance company and the largest general insurance, property, and casualty insurance company.

Meanwhile, its securities company has secured the third-largest market share.

"China remains our main strategic focus. We have an investment in Xiamen through Fubon Bank Hong Kong, which was the first Taiwanese bank set up in Hong Kong," said President Victor Kung.

"We also established a general insurance company in China, which is also headquartered in Xiamen. In life insurance, we signed a contract with Nanjing Zijin Investment, and expect to be awarded a life insurance license later this year or early next," Kung added.

For the Fubon group, Taiwan possesses a competitive edge over other regional players when it comes to business in mainland China.

"We have a certain lead in customer service on the retail side, as well as on small and medium banking. So these are the areas that we could really contribute to the Chinese banking sector," said Kung.

"We already have a lot of Taiwanese clients who are very familiar with mainland China. Through their relationship with us, we can serve as an intermediary—in introducing new foreign parties to them, helping foreign parties enter mainland China through our clients, as well as introducing them to potential Taiwanese joint venture partners operating in China, with us playing the part of corporate financier and adviser," he added.

ernment also operates free trade zones around the seaports of Taipei, Kaohsiung, Keelung, and Taichung.

"Geographically, Taiwan has a strategic location in the center of East Asia, at the heart of Asia. We need to leverage our close affinity with China, so that businesspeople can go to China from Taiwan and set up their business operations in Taiwan, making use of ECFA," Yeh said.

"Another opportunity is the Taoyuan High Speed Rail station, where we have 22 hectares that we would like someone to develop into an industrial zone, focused on medical tourism," he added.

Because of its geographical closeness to mainland China and its strength in various high-tech sectors, Taiwan has been promoting itself as the ideal springboard to enter the massive and potentially lucrative Chinese market for American and other foreign companies unfamiliar with its culture.

For many years, Taiwan has consolidated its reputation as a hotbed of new technology, whether it was in manufacturing in the 1980s, information technology in the 1990s, biotechnology in the 2000s, and in green technology in the present decade.

Today, the Taiwanese economy boasts an impressive, highly di-

verse profile of pioneering and well performing industrial sectors, which has kept the country highly attractive to foreign investors.

"Taiwan has several advantages. We are so strong in industrial clusters. We are also rich in financial capital. We also have a very talented workforce," said Economic Affairs Minister Shih Yen-Shiang.

"In the last 20 years, we have shifted from excelling in OEM to ODM. We now have a lot of strength in design, and I have strong confidence that Taiwan will go into the own-brand business in ten years. The Chinese market is growing so fast. The local market is also growing. That is the basis for building the own-brand business," Shih added.

#### Science of growth, growth of science

One of the most common associations to Taiwan's brand has been its sterling reputation in science and technology, whether it is in IT, biosciences, or green energy.

Ensuring that Taiwan does not lose that competitive edge is the National Science Council, the main government agency in charge of promoting and funding science research in the country.

The government strategy to set up science parks and industrial clusters was undeniably vital in

its meteoric rise as an economic powerhouse and in its continued strength, even in the midst of recessions.

In fact, a World Bank study named Taiwan the top knowledge-based economy in Asia, and according to National Science Council Minister Lee Lou-Chuang, the country holds a 28 percent global market share in ICT design.

The National Science Council supervises the Biomedical Park, Hsinchu Science Park, Jhunan Park, Kaohsiung Science Park, Longtan Park, Tainan Science Park, Tongluo Park, and Yilan Park.

Determined to stay at the economic forefront, it has launched programs in agricultural biotechnology, telecommunications, biotechnology and pharmaceuticals, disaster reduction, energy, genomic medicine, nanoscience and nanotechnology, e-learning and digital archiving, and semiconductors and integrated circuits.

Celebrating its fortieth year, the Taiwan-based Delta Electronics has grown from a 15-man operation to one of the world's largest providers of power, networking, and wireless solutions.

Boasting an enviable list of clients, the multi-awarded company also manufactures visual displays, as well as IT, telecom, consumer and automotive electronics com-

ponents.

"Last year, we received vendor awards from HP, Sony, Fujitsu, Black & Decker, and Pegatron Corporation," said Chairman and Founder Bruce Cheng.

Delta Electronics was also the only Taiwanese company to make to CNBC European Business magazine's list of the Global Top 100 Low-Carbon Pioneers. In 2010, it received Ernst & Young's Entrepreneur of the Year and CSR Entrepreneur awards, as well as CNBC's "China Business Leader of the Year Award."

With such strengths, it is not huge surprise why Taiwan has remained one of the world's most stable economies and a preferred investment destination.

And that combination of pragmatism, financial strength, and technological knowhow will keep continue yielding bright forecasts and positive results

"We are bullish on the overall economic growth of Taiwan. We are still bullish on the technology industry. We've got some winners in Taiwan, who are nearly impossible to dethrone. In the rapidly maturing tech industry, Taiwan has carved out a very strong position. And that will continue," said Bill Wiseman, chairman of the American Chamber of Commerce in Taipei.



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## Taiwanese Education

# An overlooked world champion



The National Sun Yat-sen University in Kaohsiung is another of Taiwan's most prestigious schools.

Although Taiwan's economic miracle has been well documented, the primary reason for its present-day leadership in technology and entrepreneurship has often been underreported. The country boasts world-class higher education.

Higher education has been a cornerstone of Taiwan's future growth, development, and employment. More than 60 percent of Taiwanese has received higher education, putting the country at number five in tertiary enrollment in the 2009 World Economic Forum Global Competitiveness Report, which ranked Taiwan sixth out of 133 countries in the category of innovation.

Also, the 2010 Times Higher Education-QS World University Rankings placed nine Taiwanese universities in the top 500, with National Taiwan University figuring in the top 100.

In the same year, a survey of Essential Science Indicators (ESI) had five Taiwanese universities in the top 1 percent of the world's research institutions in sixteen of twenty-one specialized fields of study.

One of those Taiwanese universities was the Hsinchu-based National Chiao Tung University (NCTU). Founded in 1958, NCTU set up the country's first semiconductor laboratory, which spurred that economic miracle. Today, the school is a research-oriented comprehensive university with nine colleges and 13,000 students, 7,000 of which are graduate students.

NCTU specializes in engineering, semiconductors, photonics, ICT, and computer science.

Its computer science department placed thirty-second in the ESI survey and came in at number 35 in Shanghai Jiao Tong University's Aca-

demical Ranking of World Universities for 2010, while its engineering department was ranked 32 and 47 respectively in those same surveys.

"If you look at a list of the top one hundred high-tech companies in the world over the past ten years, around twenty companies will be from Taiwan, and about 60 percent of those were started by NCTU alumni," boasted Dr. Shang H. Hsu, dean of the Office of International Affairs of NCTU.

NCTU has attracted many students because of its close connection to private industry.

"To attract more incoming students from top universities in the United States, we hold two-month international summer programs that include Chinese language and culture courses and, most importantly, internships with local high tech companies in Hsinchu Science-Based Park," Hsu said.

"We want to increase the number of students that come here from the United States. We would like more first- and second-tier U.S. universities to send more engineering students over as our engineering education is comparable to U.S. quality," Hsu added.

NCTU has also been one of the Taiwanese universities selected for partnerships by foreign companies, such as Corning, Intel, IBM, and Microsoft.

"These companies establish research labs on campus. These industry-leading companies have a lot of new ideas but do not know if they are feasible. We do the feasibility studies and share the intellectual property because Taiwan probably has the top and largest intellectual property office in Taiwan," explained Vice President Dr. Jason Yi-Bing Lin.

"We also collaborate with U.S. companies and bring their technology into Taiwan through a domestic company. For example, we recently worked with Telcordia. Once the collaborative research was completed, we approached Taiwan's largest telecom, Chunghwa Telecom, to see if they had any interest in using the technology," Lin added.

Another of Taiwan's reputable schools is Fu Jen Catholic University (FJU), located on the outskirts of the capital, Taipei.

FJU has eleven colleges and 26,000 students, and its college of management was the very first in the greater China area to receive AACSB accreditation in 2005 and was included in the top five percent business schools in the world.

Its AACSB accreditation was renewed in 2010.

"Fu Jen is a Catholic university that combines Chinese and Western cultures. We are committed to constructing an excellent, distinctive, and

international university in order to become the most distinctive Catholic university in the Greater China Area," said Vice President Dr. Lucia S. Lin.

Highlighting FJU's reputation is its medical school, which has risen quickly to the top, primarily due to its style of instruction.

"Our medical school has now graduated three classes and one of our graduates received the top score in the national exam. This is due to the pedagogy that we use to educate our medical students. We use a comprehensive system of problem-based learning. We ask students to learn collaboratively and from their first year onwards, we divide them into small groups, with each assigned to a tutor who is an MD. It is quite costly, but we invest in our programs," said Lin.

In an economy once known for its strength in original equipment manufacturing, and now displaying a new strength in original design manufacturing, FJU has built up an expertise in fashion and design. In fact, the university will soon launch an all-English-language bachelor's degree in Asian brand and fashion management.

To date, FJU has 180 affiliated schools from 34 countries, including 58 from the United States. This includes the development of six dual-degree programs with American universities, including Temple University, the University of San Francisco, and Texas A&M International University.

Unique to the university, FJU has a triple degree, the Joint Master of Global Entrepreneurship and Management, with the University of San Francisco and Universitat Ramon Llull of Spain.

At the end of the one-year, nonstop course, which involves a term in each of the schools, students get master's degrees from all three universities.

But Taiwan is not resting on its current educational achievements. With an aging population, overcrowding in its universities, and a low birth rate, Taiwan realizes that the future of its higher learning enrollment is growing more dependent on the international students it attracts. This is the reason forty-seven universities have entered into joint or dual-degree partnerships with international counterparts.

According to Dr. Tsong-Ming Lin, political deputy minister of education, "We have to internationalize. International students currently make up about 3.3 percent of the student population, or about 44,000. We want to promote Taiwanese schools more and want to increase that number by 10 percent yearly to around 130,000 by 2020."



## National Chiao Tung University

A Leading Research University in Taiwan



### Cradle of Next Generation Leaders

NCTU offers interdisciplinary and holistic education and provides a stimulating environment for students to develop critical and creative thinking, communication, and teamwork skills.

### A Forerunner of Advanced Science and Technology

NCTU encourages interdisciplinary collaboration to develop integrative solutions to enhance the welfare of human beings. It also plays a leading role in Taiwan's ICT industries.

### Culture of Innovation and Entrepreneurship

NCTU's innovation performance, in terms of the number of patents and technology licensing, has been recognized by the academic community and high-tech industries in Taiwan. NCTU students have won many innovation awards in numerous international competitions, such as the Microsoft Imagine Cup 2010 World Competition.

國立交通大學



# Join Fu Jen Catholic University to connect to the world!

## A world-renowned university that offers education for new era

Fu Jen Catholic University strives to provide students with a diversified, holistic, interdisciplinary, and international learning environment, providing a well-balanced division between general education and professional training with a special emphasis on humanistic discipline.



To enhance global competitiveness, the University is devoted to developing further links with educational institutions overseas. Fu Jen Catholic University has established partnerships with 185 sister institutions around the globe, providing an international learning environment through tightened academic exchange and cooperation.

On campus, a wide variety of extra-curricular activities and self-learning programs is an integral part of the holistic education at the University. Through these activities and programs, students learn the meaning of democracy, leadership, and a sense of responsibility, becoming ethically and socially sensitive citizens.

## Learn global business perspectives with tri-degree MBA program



The University promotes high-quality joint programs and projects with renowned universities overseas as well. The joint Master of Global Entrepreneurship and Management (jMGEM), a tri-degree master's program, provides rigorous studies in entrepreneurship and management at three of the following AACSB-accredited institutions: IQS in Spain, Fu Jen Catholic University in Taiwan, and the University of San Francisco in USA.

The well-designed curriculum allows students to immerse themselves in an unmatched multi-national business experience of each city's unique business culture, receiving degrees from all three universities within one year.

## "Taiwan Studies" provides path to promising Greater China region



The International Master Degree Program in Taiwan Studies (IMTS) is unique in its academic perspective by emphasizing humanistic spirituality and social compassion. It is the first program aimed at recruiting students who want to understand the Chinese community and pursue their career in the Greater China area.

The program develops students' creativity and strengthens their practice and application abilities through properly designed relevant field trips, workshops, and internships. Courses are all conducted in English and include "Taiwan-specific" aspects. Thus, students will not only have access to professional academic-

achievement but will also develop a humanistic spirit, compassion for society, and an awareness of the Taiwanese culture.

## Be a part of Fu Jen to enrich your future career



After 85 years of developing since its establishment, the

University has cultivated nearly 170,000 outstanding alumni worldwide. Its glorious history and excellent achievements have made this university a favored selection for students from China. In celebration of the 50th anniversary of Fu Jen's re-founding in Taiwan, the faculty and staff strive to reach the goals of internationalization, excellence, distinction, and refinement as one of the top universities in the world!

## Fact Sheet

Established by the Catholic Church in 1925

Ranked 38th in the Greater China region (QS2011)

Received AACSB international accreditation in 2005 and the accreditation was renewed in 2010

Comprises 11 colleges, 48 departments, 47 master's programs, 22 in-service master's programs, and 11 doctoral programs, with 27,000 students on campus

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