



Sweden
Sverige



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN TAIWAN 2023

A REPORT FROM TEAM SWEDEN IN TAIWAN

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FOREWORD

In 2022, challenges from Covid-19 were still imminent, and the effect on Swedish businesses in Taiwan was still unclear. However, at the time of the 2023 survey, when almost all restrictions related to the pandemic had been abolished, Swedish businesses reported a continued positive outlook on the market. We are pleased to note that most of the responding companies were, like last year, increasing their investments in Taiwan and delivering positive financial performances for the previous 12 months.

While 43 percent of respondents perceive the overall business climate as positive, we note of a shift from last year's perception: more companies now lean towards a "neutral" view rather than one of "good/very good." This reflects the ever-changing dynamics of business globally and reminds us of the importance of adaptability and continuous evaluation of market conditions.

The survey reveals concern among some, but not all, companies on potential negative impacts stemming from the geopolitical situation. While this is a factor to monitor and further analyse up ahead, our overarching impression is still one of a very positive business and investment outlook.

The report also sheds light on the increasing importance of sustainability for both policy makers and consumers. As environmental consciousness rises, companies need to not only proactively address sustainability concerns and integrate responsible practices into their operations, but also explore business models that effectively answer to sustainability needs and climate mitigation. In that way companies will be able to maintain a competitive, future-oriented edge. We consider this to be one of the greatest opportunities for Swedish companies in Taiwan.

In conclusion, we are pleased to note a positive outlook for Swedish businesses in Taiwan, with increased investments, positive financial performances, and opportunities within green transition. It will be important to continuously identify and discuss challenges that companies are facing such as regulatory barriers that may hamper further investments, or possible concerns stemming from the geopolitical situation.

Swedish industrial and commercial presence in Taiwan has over the years proven to be conducive to excellent relations with Taiwanese business. The Swedish Chamber of Commerce, Business Sweden and the Swedish Representative, and coordination between these Team Sweden actors, will continue with our common objective to further strengthen and widen these relations.

Finally, we would also like to extend our sincere gratitude to the participating companies and respondents who have contributed to this report with valuable insights.



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EXECUTIVE SUMMARY

A large majority, 78 per cent, of Swedish companies view their financial performance in the last year as profitable. Only six per cent report a financial loss. These numbers are at par to the results of 2022.

Of the companies surveyed, 49 per cent will increase their investments in the upcoming year. This is a slight decrease from last year's survey where 63 per cent would increase investments. "Geopolitical tensions" and "regulatory barriers" are listed as the two main concerns for further investments.

This year, 43 per cent of companies deem the overall business climate in Taiwan to be positive. However, in comparison to 2022, more companies now deem the business climate to be "neutral" instead of "good/very good".

Personal safety, physical infrastructure, and work culture/business mindset are the three highest-ranked conditions and needs being met by the surveyed companies in Taiwan. Licenses, permits & approvals and transparency/equal treatment are the two categories where Swedish companies can see the most room for improvement.

Cost efficiency is the most important factor to stay competitive in Taiwan, according to 41 per cent of companies. This is closely followed by partnerships/relationships and sales competence.

Regulations are deemed the trade barrier with the most negative effects on operations.

The Swedish brand continues to be strong. An overwhelming number of companies, 88 per cent, deem it to contribute to their success in Taiwan.

The importance of sustainability for consumers has risen. As many as 73 per cent of the companies state that consumers consider sustainability in their purchasing decisions. Swedish companies will continue to have great opportunities within the green transition in Taiwan.

No companies list corruption as a possible concern. Taiwan's continuous anti-corruption work has paid off. The high level of transparency has led Swedish companies to not display any concern on the topic.

ABOUT THE SURVEY

TEAM SWEDEN INTRODUCES THE 2023 BUSINESS CLIMATE SURVEY

For the first time, the Business Climate Survey is the result of a collaboration between Business Sweden, the Swedish Chamber of Commerce in Taipei, and the Swedish Representative. The survey was conducted between April and May of 2023. The aim is to highlight the strengths, risks and opportunities for Swedish companies in Taiwan.

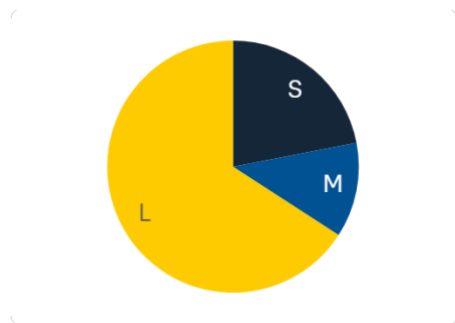
During the survey, 71 companies were approached and 41 of those responded. This amounts to a response rate of 57.7 per cent and a margin of error of 10 per cent. The majority of the companies that responded to the survey are large, mature industrial companies.

As not all Swedish companies in Taiwan has been involved in the survey, the results cannot reflect the experience of every Swedish company active here. Nonetheless, it provides an overarching understanding of the business climate in Taiwan.

The report will, firstly, outline the economic outlook for Swedish companies in Taiwan and their financial performance during the last 12 months. Secondly, we will look at the overall market situation in Taiwan and present an overview of the general traits of the market that play in the strategic decisions for firms in the region. Thirdly, we will look at how Swedish companies succeed in Taiwan and how “the Swedish brand” has a positive or negative effect on their success. Lastly, the report highlights sustainability challenges and opportunities for Swedish companies in the market.

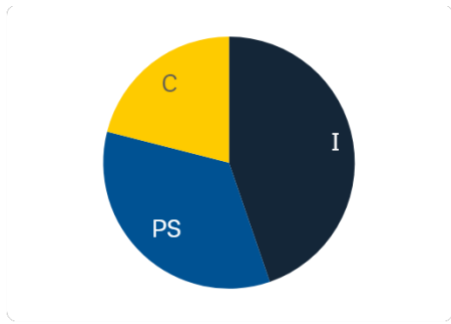
Finally, this is the first year that Taiwan’s business climate survey will be included in the global comparison jointly produced by Team Sweden that Business Sweden presents each year.

SIZE OF COMPANIES



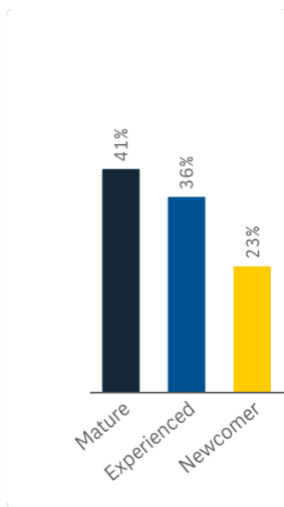
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249

MAIN INDUSTRY



NOTE: Industrial 45%. Professional services 34%. Consumer 21%

AGE OF COMPANIES



NOTE: Mature (-2000). Experienced (2001-2015). Newcomer (2016-)

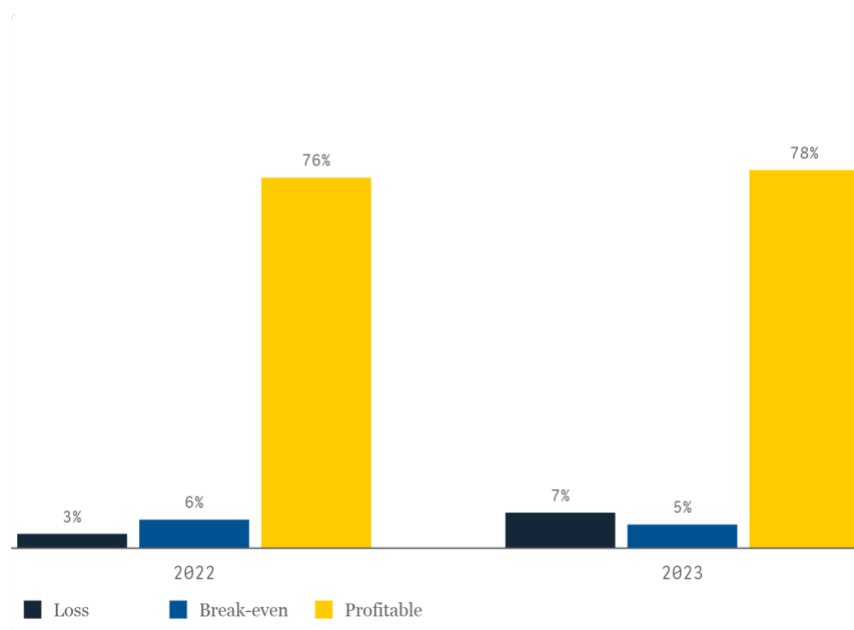
ECONOMIC OUTLOOK

2023 CONTINUES TO DELIVER STRONG BUSINESS PERFORMANCE

By mid-October 2022, Taiwan saw the end of most of its Covid-19 restrictions. This has gradually led to a rise in tourism, the number of international students, and an increase of business opportunities. Swedish companies also continue to report a positive outlook for their business performance in the region: 78 per cent of responding companies would describe their financial performance as positive. This is an increase of two per cent compared to last year's results.

Furthermore, only seven per cent of respondents suffered a financial loss, which is a slight increase from last year's survey.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN TAIWAN IN THE LAST YEAR?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.

COMPANIES ARE EXPECTING A DROP IN TURNOVER IN THE COMING YEAR

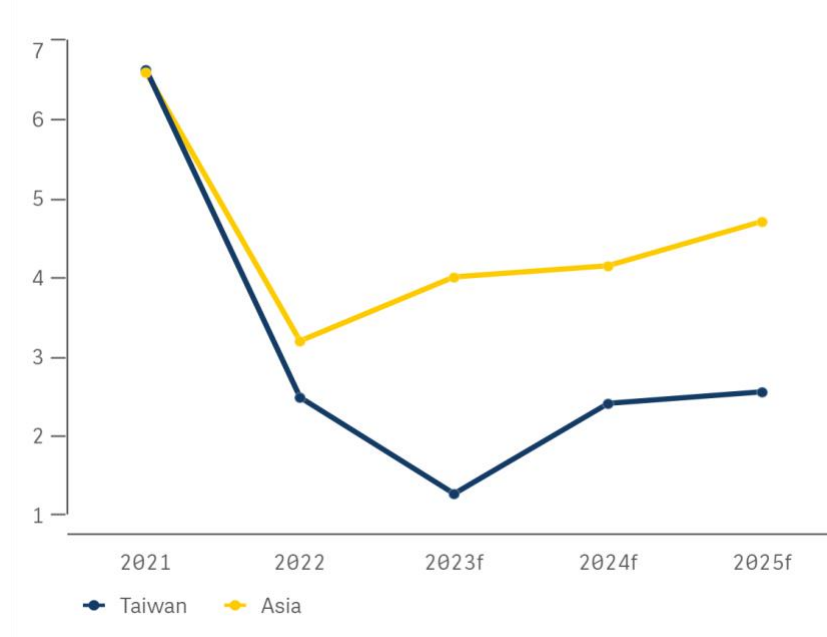
Due to a weakened global demand, Taiwan's growth averaged 2.5 per cent in 2022, as described by the Asia Development Outlook (ADO). Although this trend continues into 2023, ADO is expecting growth to pick up again in 2024 as external demand increases.

In addition, inflation in Taiwan averaged around 2.9 per cent in 2022. This is the highest number in over a decade, to which ADO points to a surge in commodity prices, largely because of Russia's invasion of Ukraine, but also following an increase in residential rent.¹

¹ Asian Development Outlook. (April, 2023).

PROJECTED GDP GROWTH IN TAIWAN

Percent



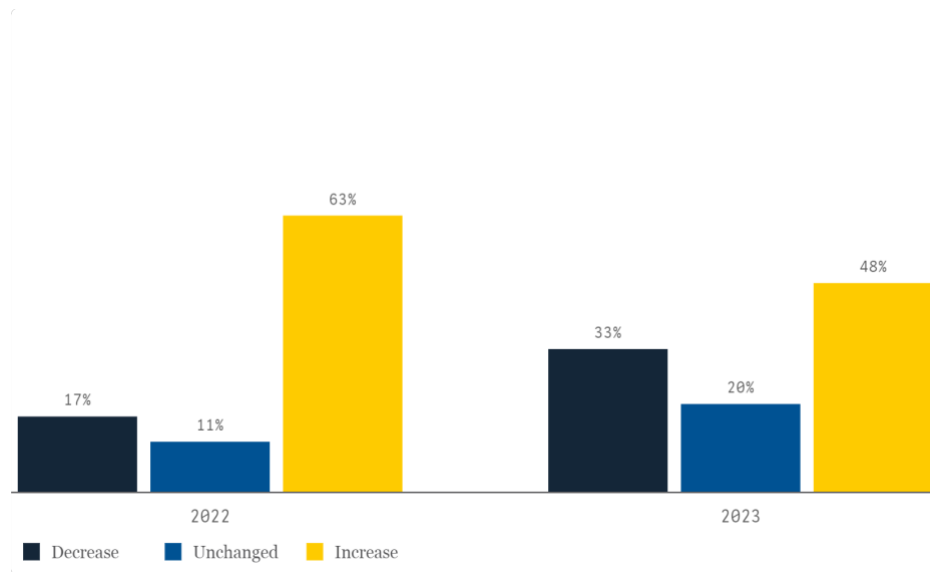
NOTE: Constant prices.

SOURCE: Oxford Economics 2023

For 2023, the survey showcases that many Swedish companies are still expecting a positive increase in their upcoming 12-month turnover. Of the respondents, 49 per cent are expecting an increase in turnover, which is a 15 per cent decrease from the previous survey. When reviewing these numbers, 38 per cent of the companies expecting a decrease are industrial companies, 23 per cent professional services and 25 per cent consumer companies.

These expectations are also in line with the ADO's forecast of a weakened global economy in 2023, mainly due to monetary tightening.

COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN TAIWAN REGARDING TURNOVER?



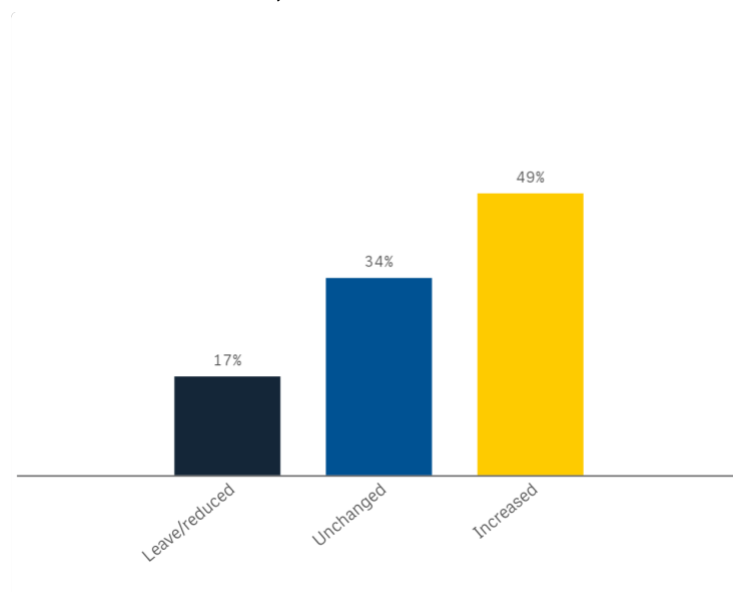
NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.

CONTINUED POSITIVE INVESTMENT OUTLOOK DISPISTE GEOPOLITICAL SITUATION

The survey indicated that 49 per cent of participating companies will increase their investments in the upcoming year. While this is a 14 per cent decrease from last year, there is still a high number of companies that will increase their investments.

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN TAIWAN, COMPARED TO THE PAST 12 MONTHS?



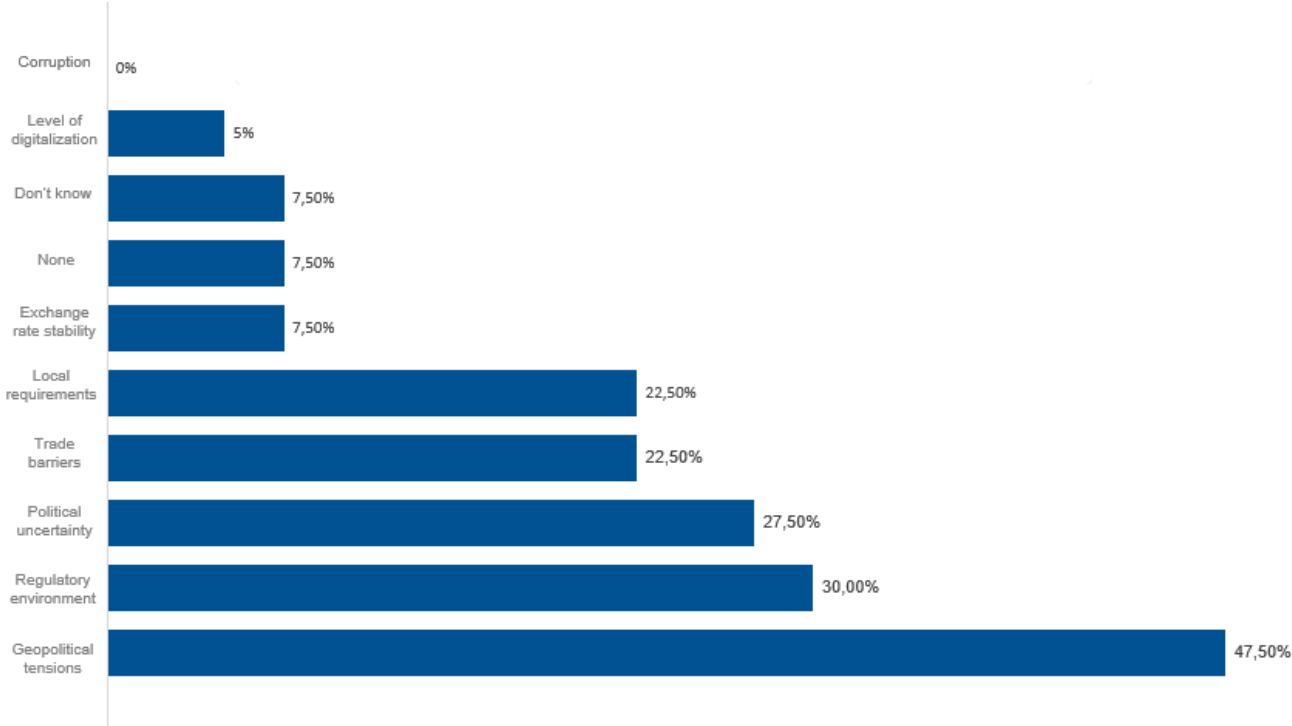
NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.

When asked, the Swedish companies stated “geopolitical tensions” as an important key barrier for further investments in Taiwan. To what extent this is of concern is further analysed on page 17. The regulatory environment and political uncertainty are also factors of high concern for the companies.

On the contrary, none of the companies have indicated concern for corruption as a possible barrier. Indeed, the Taiwanese Government has pursued active anti-corruption work, entailing considerable improvements in different corruption indexes in the last decades. The topic of corruption is further discussed on page 21.

WHICH OF BELOW WOULD YOU CONSIDER KEY BARRIERS TO YOUR CONTINUED INVESTMENT PLANS IN TAIWAN?



NOTE: The number of respondents for this question was 41.
SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.'

THE MARKET

Taiwan lives up to the ancient name of the main island, Formosa, or “beautiful island”, not only in nature and scenery but also in economy. Alongside South Korea, Hong Kong, and Singapore, it is one of the “Four Asian Tigers”, where rapid economic growth emerged in the 1960s. Taiwan has become a market known for its ease of doing business and is often used as a testing market for the rest of Asia.

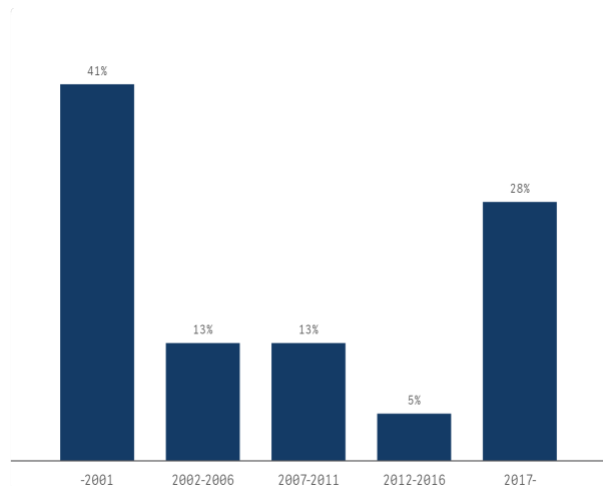
This year, Taiwan has seen the end of most of its Covid-19 restrictions, and tourism has started to pick up again. Although it continues to face uncertainty in cross-strait relations, the results of this survey show that companies continue to see investment opportunities in the Taiwanese market.

Focus on global supply chains and the development in the geopolitical situation have highlighted Taiwan’s largest industry sector, the semiconductor industry. Taiwan is the producer of 90 per cent of the world’s most advanced semiconductors.² The manufacturing sector makes up 36 per cent of the GDP, of which the production of chips represents 15 per cent. Taiwan’s service sector makes up 60 per cent of its GDP.³

In terms of creditworthiness, the Swedish Export Credit Agency considers Taiwan to be a category one market. This assessment is measured on a scale of 0 to 7, where lower score corresponds to better the creditworthiness. When comparing to others in region, Japan and Singapore continue to retain a zero score, however, Taiwan and South Korea are in the same category and continue ahead of Hong Kong.⁴ This highlights Taiwan as a low-risk market and a place to continue to making investments.

Most of the survey’s respondents (41 per cent) established their operations in Taiwan in the early 2000s. We continue to see a steady stream of companies entering the market. A clear majority (90 per cent) of the surveyed companies’ operations in Taiwan are considered small (>249) and reflect a wide variety of industries. The three biggest industries are in the field of industrial equipment (17.1 per cent), IT/electronics (14.6 per cent) and consumer goods (12.2 per cent).

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN TAIWAN?



NOTE: The number of respondents for this question was 41. “Don’t know/Not applicable” responses are included but not shown in figure.

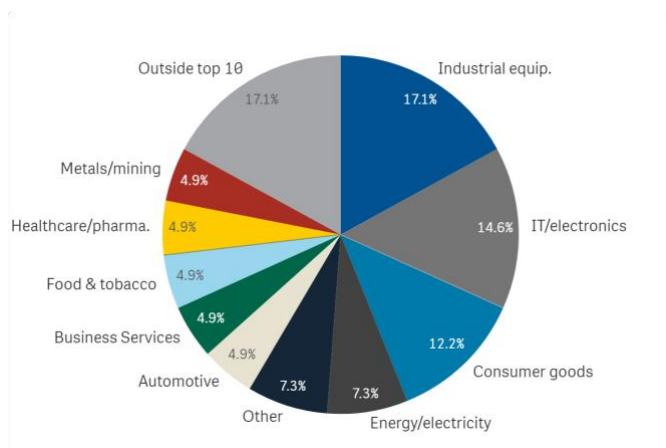
SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.

² The Economist. (March 6th, 2023) *Taiwan’s dominance of the chip industry makes it more important*. Available at: <https://www.economist.com/special-report/2023/03/06/taiwans-dominance-of-the-chip-industry-makes-it-more-important>

³ Asia Fund Managers. (2023) *Taiwan Economy*. Available at: <https://www.asiafundmanagers.com/us/taiwan-economy/>

⁴ Countries (2023AD) EKN. Available at: <https://www.ekn.se/en/countries/>

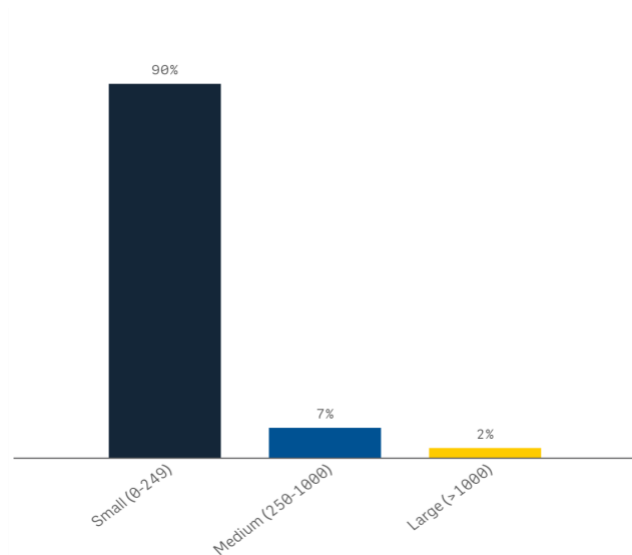
WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN TAIWAN?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN TAIWAN IN 2023



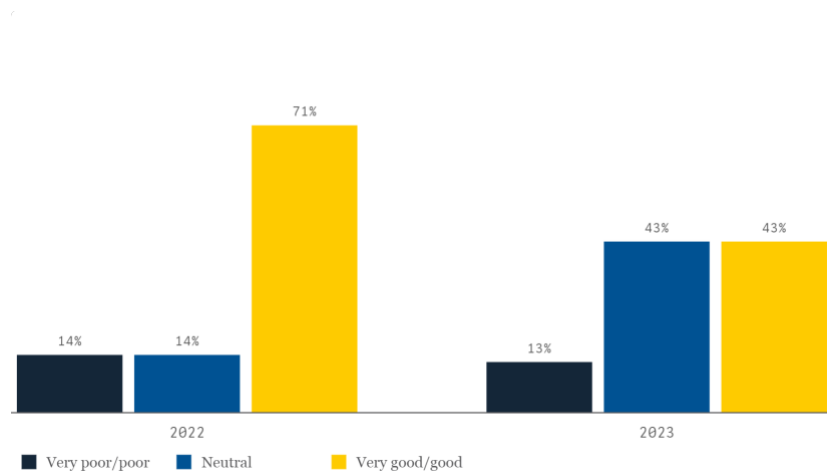
NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.

TAIWAN'S BUSINESS CLIMATE CONTINTUES TO BE REGARDED AS STRONG DESPITE THE GEOPOLITICAL SITUATION

Despite the geopolitical situation, 86 per cent of responding companies experience the business climate in Taiwan as either "neutral" or "very good/good". There has, however, been a 28 per cent drop in companies that view the business climate as "good/very good".

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN TAIWAN?

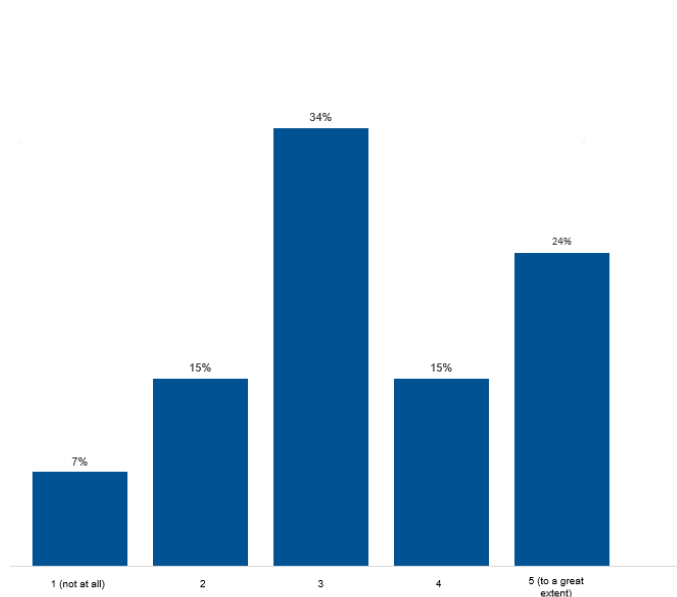


NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.'

Swedish companies listed "geopolitical tensions" as a key barrier to further investments. When asked about to what extent these concerns play a role in their business planning, the responses give a mixed picture. 24.4 per cent of companies deem them it to be of high impact, whereas most companies, 34.1 per cent, consider them to influence to a certain extent, but not greatly. 7.3 per cent do not consider them to have any effect on their business outlook at all. This result of the survey is important, yet difficult to analyse. The concerns can relate to many different things, or to different potential scenarios. The survey indicates that the Swedish business community generally considers the business and investment climate to be strong but with some concerns about potential negative impacts stemming from the geopolitical situation.

TO WHAT EXTENT DOES GEOPOLITICAL TENSIONS IMPACT YOUR BUSINESS OUTLOOK IN TAIWAN?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

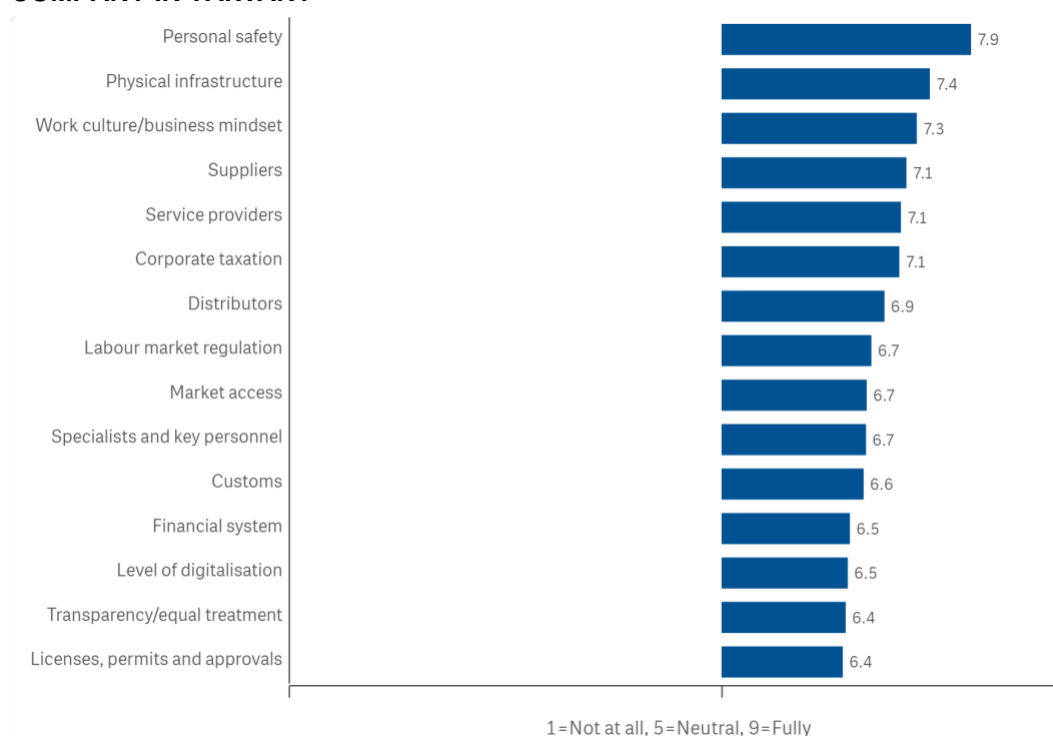
SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.'

PERSONAL SAFETY MEETS COMPANIES NEEDS THE MOST

Personal safety, physical infrastructure, and work culture/business mindset are the three highest-ranked conditions and needs that the surveyed companies meet in Taiwan. The work culture/business mindset has increased its score by four places since last year's survey. Transparency/equal treatment, and licenses, permits and approvals have been listed as the least favourable.

Licenses, permits and approvals, and transparency/equal treatment are the two categories where Swedish companies can see room for improvement to meet their needs in the market.

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN TAIWAN?

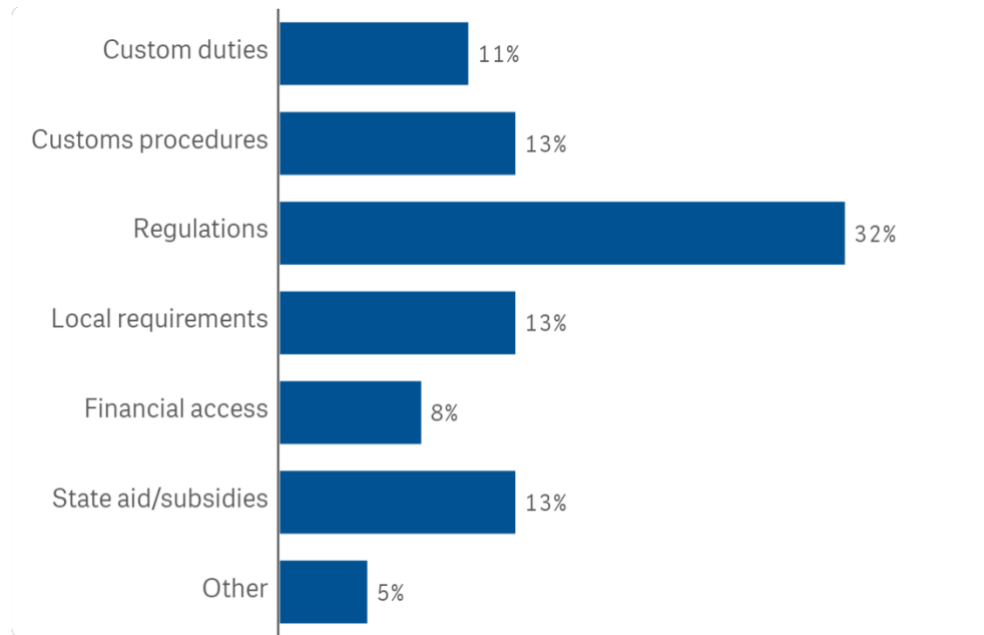


NOTE: The number of respondents for this question was 41.
SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.

REGULATIONS AS A MAIN TRADE BARRIER

The surveyed companies have experienced regulations (32 per cent) as being the largest area of negative impact on operations, followed by customs procedures (13 per cent), local requirements (13 per cent) and state aid/subsidies (13 per cent).

HAS YOUR COMPANY IN THE PAST YEAR ENCOUNTERED TRADE BARRIERS IN TAIWAN WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 41.
SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.

HOW SWEDISH COMPANIES SUCCEED IN TAIWAN

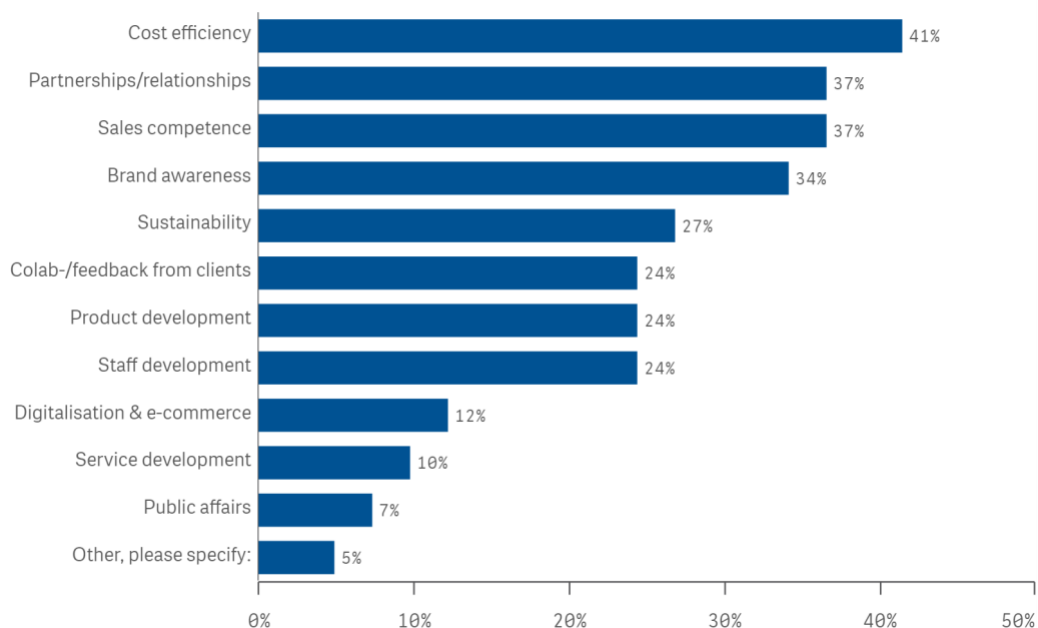
COST EFFICIENCY IS THE MOST IMPORTANT FACTOR IN MAINTAINING COMPETITIVENESS

This year, companies rank cost efficiency as the most important factor to stay competitive in Taiwan, which is up from fourth place last year. This is closely followed by partnerships/relationships and sales competence, which were both highly ranked in the previous survey.

A new option for this year is sustainability, which is considered the fifth most important factor to remain competitive in Taiwan. In last year's survey, sustainability was highlighted as an element of opportunity for Swedish firms. This was due to a rise in demand for "green" products and solutions, which was driven by government incentives. Consequently, there is a need and demand for companies with a sustainability edge. The topic of sustainability is further discussed on page 17.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN TAIWAN?

Taiwan



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

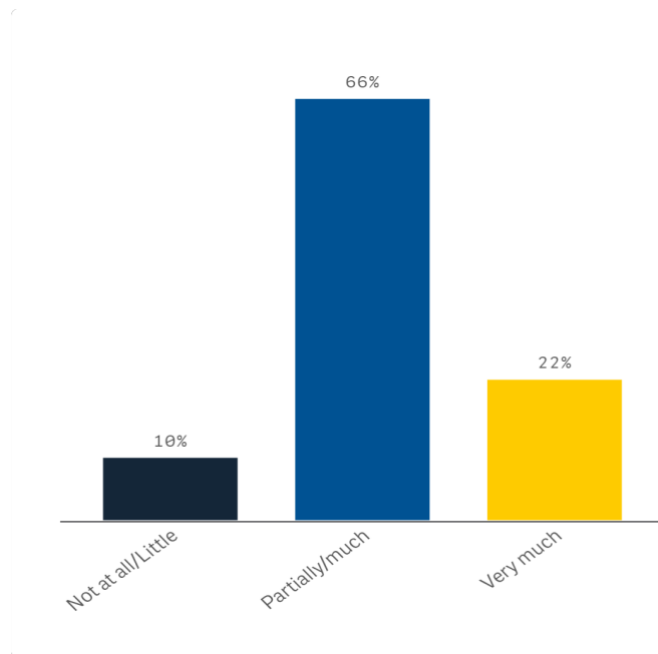
SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.

THE SWEDISH BRAND CONTINUES TO CONTRIBUTE TO COMPANIES' SUCCESS

Sweden has a strong national brand, and Swedish brands globally are often associated with sustainability, innovation, and equality. This is clearly confirmed in the survey, as 88 per cent of all companies estimated that the Swedish brand has a positive contribution to their business in Taiwan. These numbers reflect the results of last year's result, where 89 per cent believed that the Swedish brand has a positive contribution.

According to the Ipsos Nation Brand Index (NBI) 2022, Sweden has the ninth strongest nation brand globally. The index measures the global perception of 60 nations, and Sweden continues to place within the top 10.⁵

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE "SWEDISH BRAND" CONTRIBUTES TO YOUR BUSINESS IN TAIWAN?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.

⁵ [Nation Brands Index 2022: Germany finishes first again, with Japan and Canada rounding out the top three nations | Ipsos](#)

ACTING SUSTAINABLY

SUSTAINABILITY CONTINUES TO BE AN OPPORTUNITY FOR SWEDISH COMPANIES

Last year's survey highlighted the opportunities in sustainability for Swedish companies in Taiwan. Increased demand and need for green solutions, to some degree driven by government incentives, were noted. Taiwan is, however, struggling in different sustainability indexes. The need for green solutions is increasing across industries. As a response to this, President Tsai Ing-Wen and the Government are introducing several initiatives to drive green transition and incentives for companies.

In March 2022, Taiwan officially introduced "Taiwan's Pathway to Net-Zero Emissions in 2050", an action pathway to achieve 2050 Net-Zero Emissions. In January 2023, a plan outlining carbon reduction methods and adjustments was approved for the years 2023-2026 to bring Taiwan closer to net-zero.⁶

New regulations require listed companies to disclose information about their greenhouse gas inventory and conduct verification for quarterly submission to the board of directors so that controls can be conducted. The roadmap outlines how companies are required to pay carbon fees, starting in 2024, for companies that generate greenhouse gas emissions.⁷

In addition, a carbon exchange is planned to open in Taiwan by mid-2023 to help the government meet the 2050 goals. The carbon exchange is expected to allow the integration of resources and capital to push for emission reductions through carbon credit trading. The legislation also covers a carbon border adjustment mechanism (CBAM), or tax on imports of carbon-intensive products designated by regulatory authorities. These initiatives mean that Taiwan is now legally bound to make sure that the emitted greenhouse gas is not more than what is removed from the atmosphere by 2050.⁸

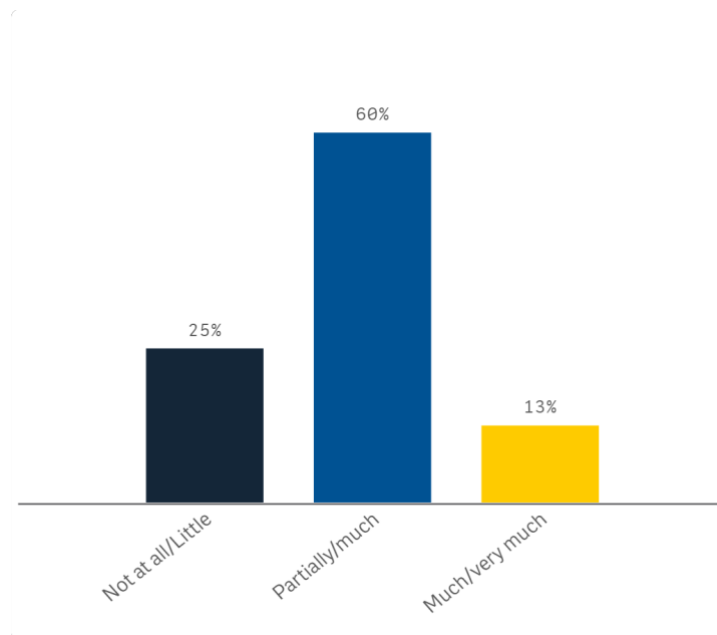
The new regulations might be a reason why Swedish companies are noticing customers shifting to a higher level of awareness of the topic. The result of the survey indicates a slight increase in the environmental concern of Swedish companies' products or services from previous years. Last year, 31 per cent were not at all or slightly concerned, which means that an additional six per cent are more concerned this year.

⁶ [Reaching net-zero emissions by 2050 \(Executive Yuan, R.O.C. \(Taiwan\)-Major Policies Detail\)](#)

⁷ [Taiwan FSC Officially Launched the Roadmap for the Sustainable Development of Listed Companies - Lee, Tsai & Partners \(leetsai.com\)](#)

⁸ [Carbon exchange to help Taiwan achieve 2050 net-zero goal: NDC - Focus Taiwan](#)

TO WHAT EXTENT DO CUSTOMERS IN TAIWAN CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.'

TAIWAN'S ANTI-CORRUPTION WORK IS PAYING OFF

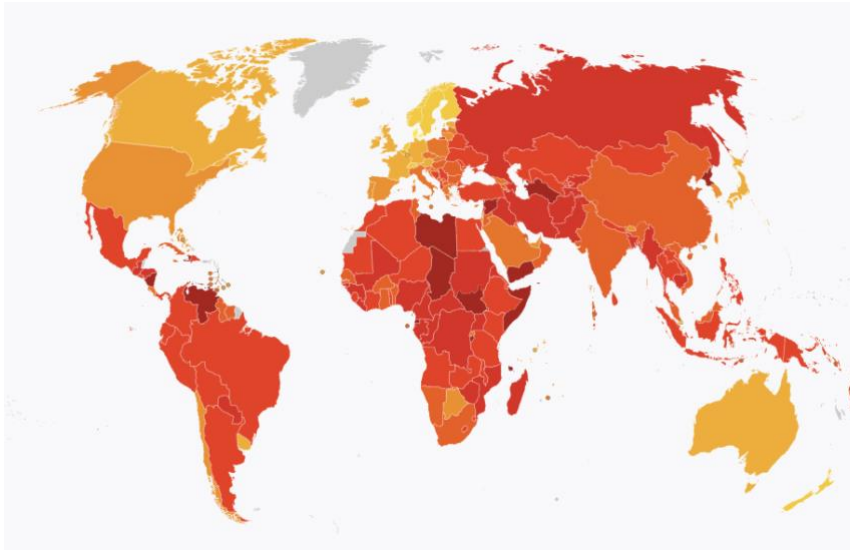
In 2021, Taiwan was placed as number 25 in the Corruption Perception Index (CPI). This was the best score since the CPI report was first published in 1995. In 2022, Taiwan kept this place and remains at 25 out of 180 countries and territories globally. Taiwan has steadily improved in the ranking: from 29 to 31 from 2016 to 2018, and further to 28 in both 2019 and 2020.

Following the news of the 2022 score, President Tsai Ing-Wen highlighted the work behind the island's improvements in the ranking; "Our efforts to root out corruption, bribery and graft have produced these results for the world to see".⁹

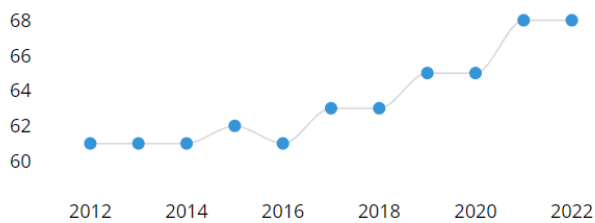
In the Asia Pacific Region, Taiwan still ranks in sixth place, behind New Zealand, Singapore, Hong Kong, Australia, and Japan.

⁹ [Taiwan keeps No. 25 ranking in corruption index - Taipei Times](#)

CORRUPTION PERCEPTION INDEX 2022



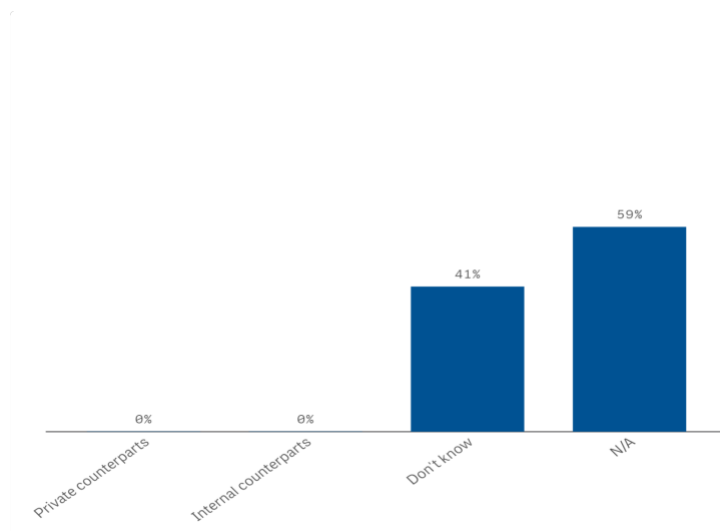
Score changes 2012 - 2022



SOURCE: Transparency International.
 SOURCE: Business Climate Survey for Swedish Companies in Taiwan 2023.

Swedish companies in the survey seem to be in agreeance with the low level of corruption, as no company are stating that they are aware of any corruption with private or internal counterparts.

IN THE PAST YEAR, HAS YOUR COMPANY IN TAIWAN BEEN EXPOSED TO CORRUPTION SUCH AS BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH...



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 Government Offices of Sweden
Ministry for Foreign Affairs

