



Deutsches Wirtschaftsbüro
German Trade Office
Taipei
德國經濟辦事處

Business Confidence Survey

Presentation of Results 2014

Survey conducted in Taiwan and China during 5/12 - 6/6 2014

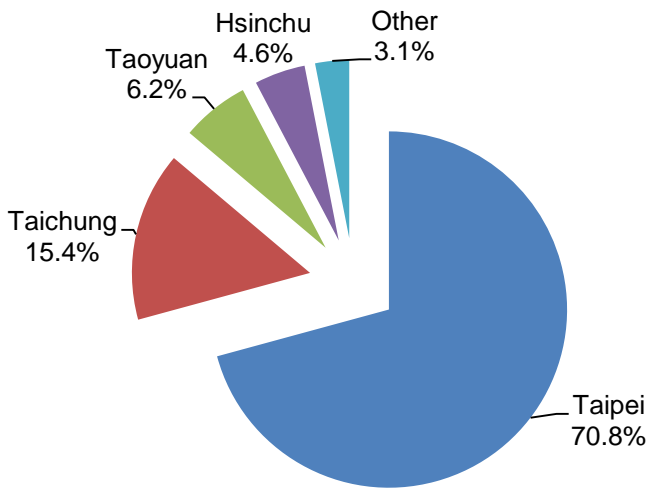
Participating German companies in Taiwan: 65

Dr. Roland Wein
Executive Director

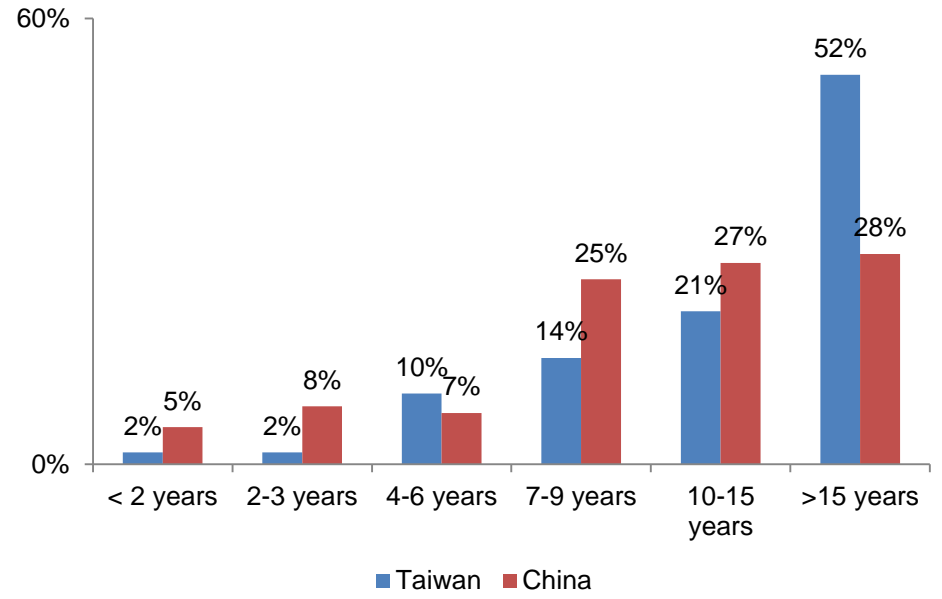
Company Profiles

- Taipei and northern Taiwan most common location
- Majority of companies have Greater China or regional HQ in China or Hong Kong
- Most companies have under 250 employees and revenue under TWD 1 billion
- Nearly 75% of companies in Taiwan for more than 10 years

Location of companies

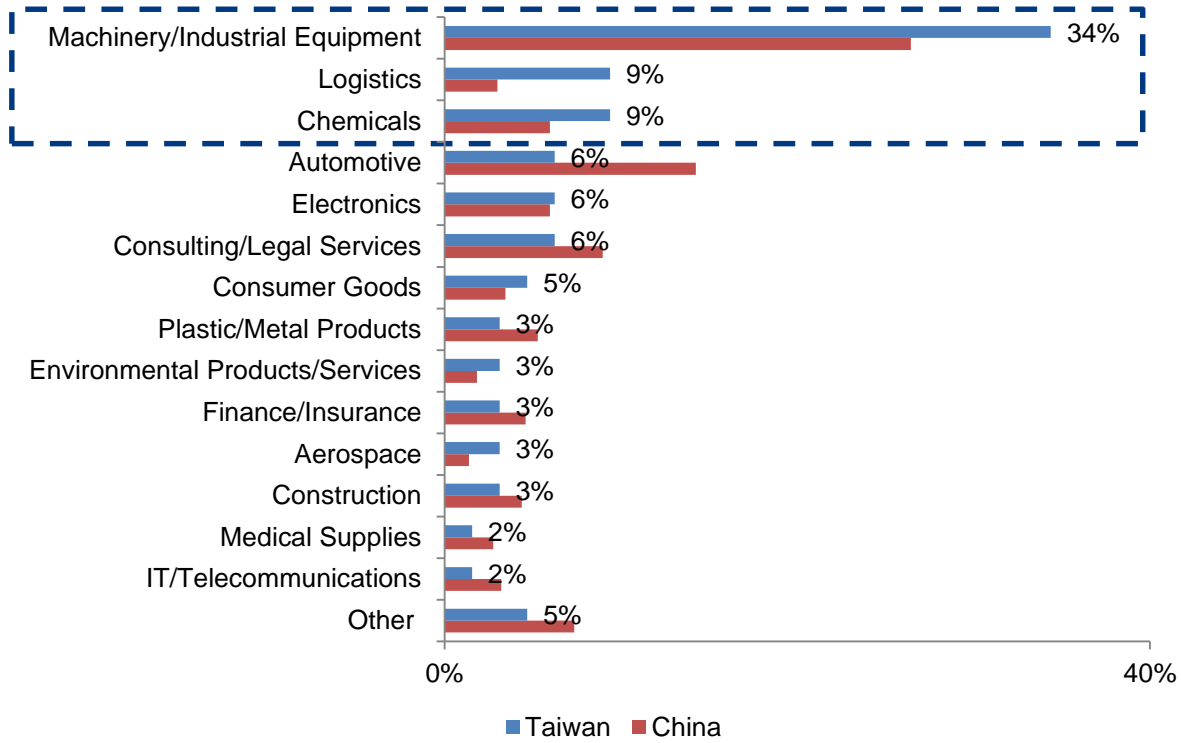


Market presence in Taiwan and China



Industrial Sectors

- Machinery industry continues to dominate
- Logistics and chemical industry complete top 3
- Remaining industries relatively diverse

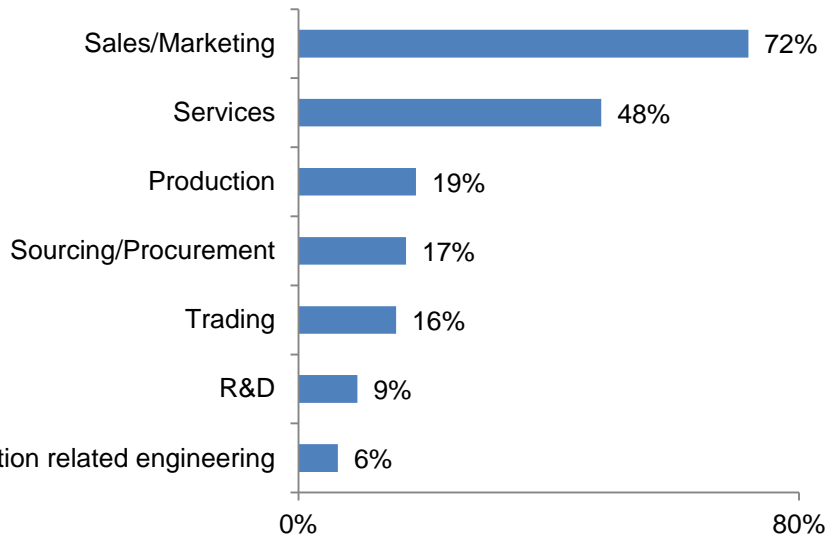


Industries

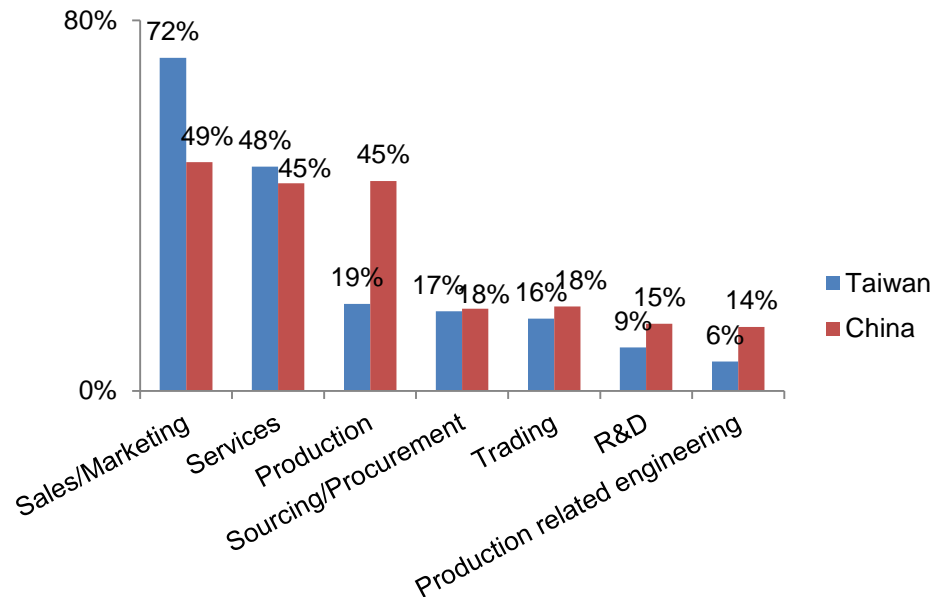
Market Importance

- Sales and services by far most important business purpose
- Compared to China sales significantly more important, less so production

Business purpose



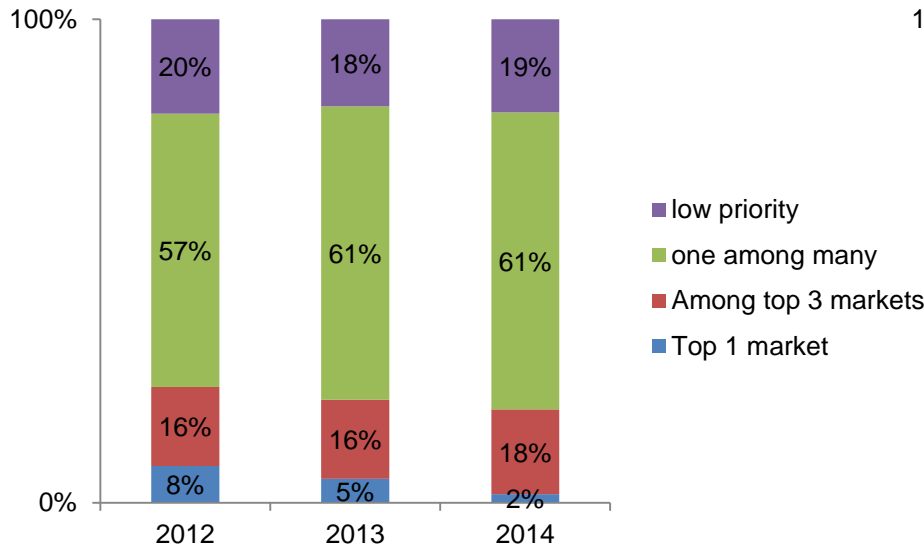
Business purpose compared to China



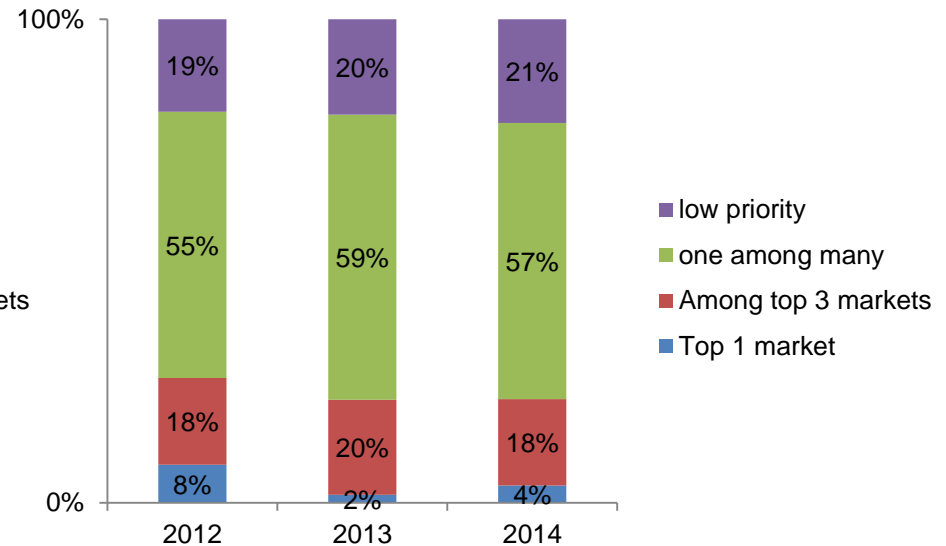
Market Importance

- Contribution of business in Taiwan to global turnover and profit is stable
- Key market for about 20% of companies
- For majority Taiwan market is one among many

Importance of Taiwan turnover for global operations



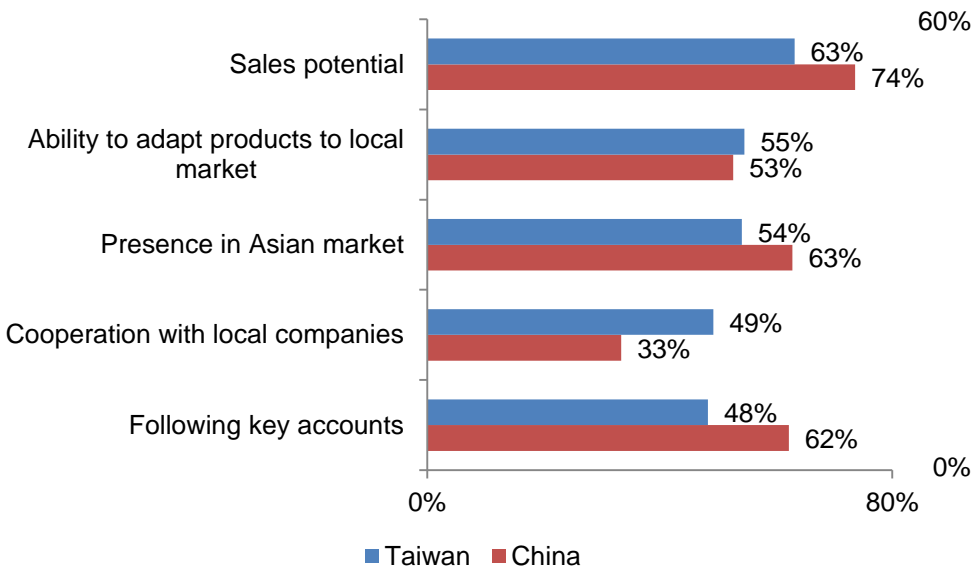
Importance of Taiwan profit for global operations



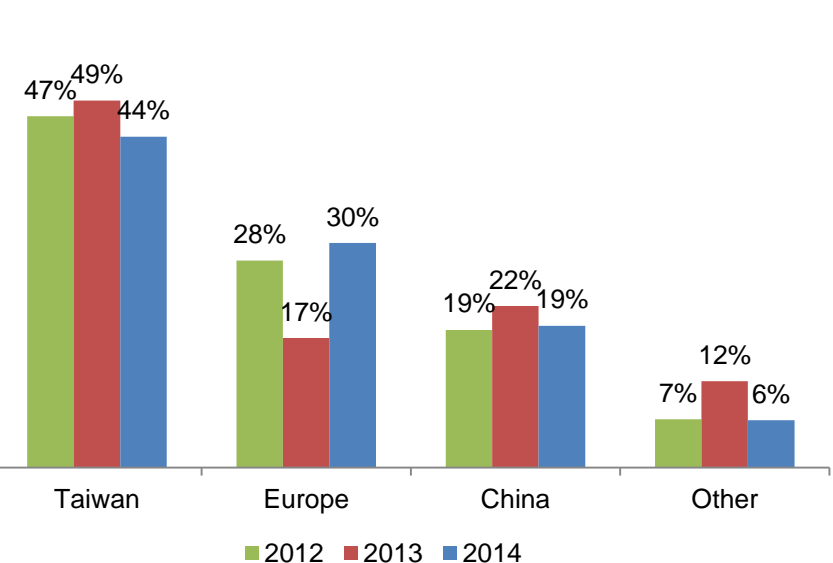
Market Importance

- Sales potential most important motivation for presence in Taiwan
- Motivation is similar for companies in China
- Importance of cooperation with local companies much higher in Taiwan
- Taiwan most important market

Main motives for market presence



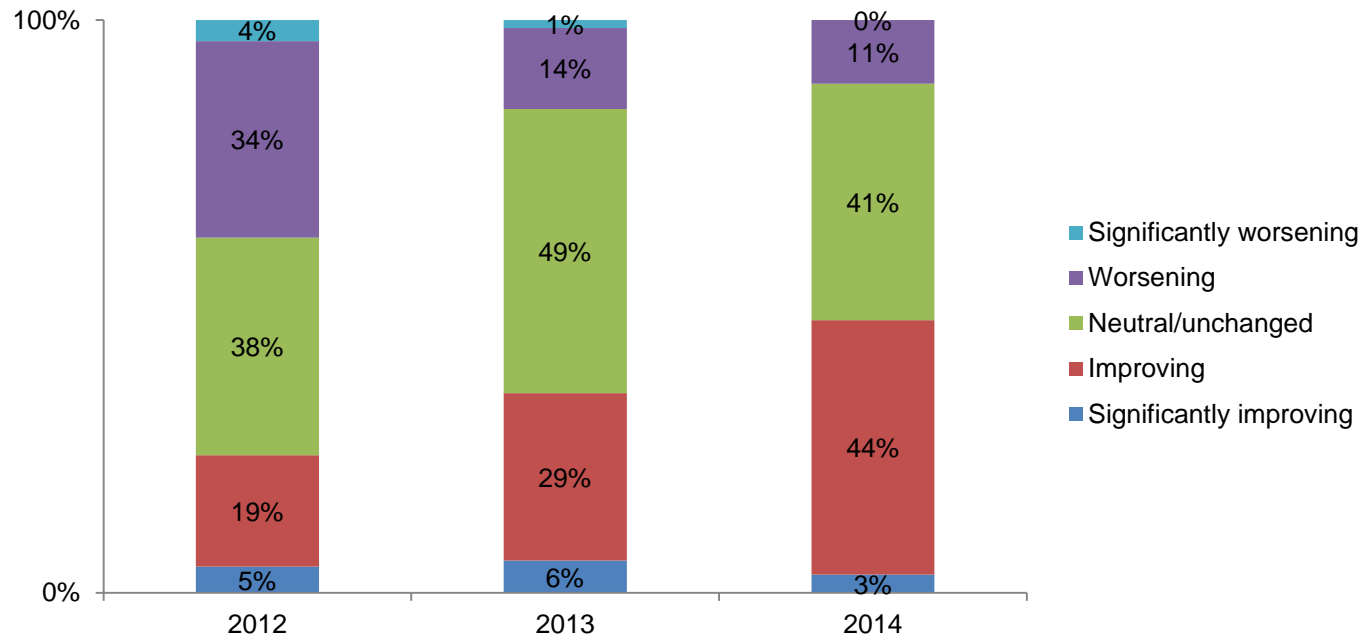
Most important markets for local operation



Business Outlook 2014

- Compared to previous two years, economic environment seen more positive
- 47% of companies believe economic environment is improving

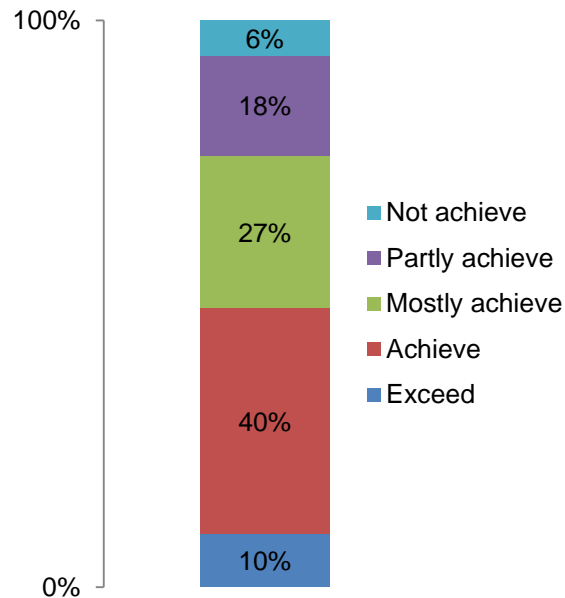
Impact of economic environment on companies' business in 2014



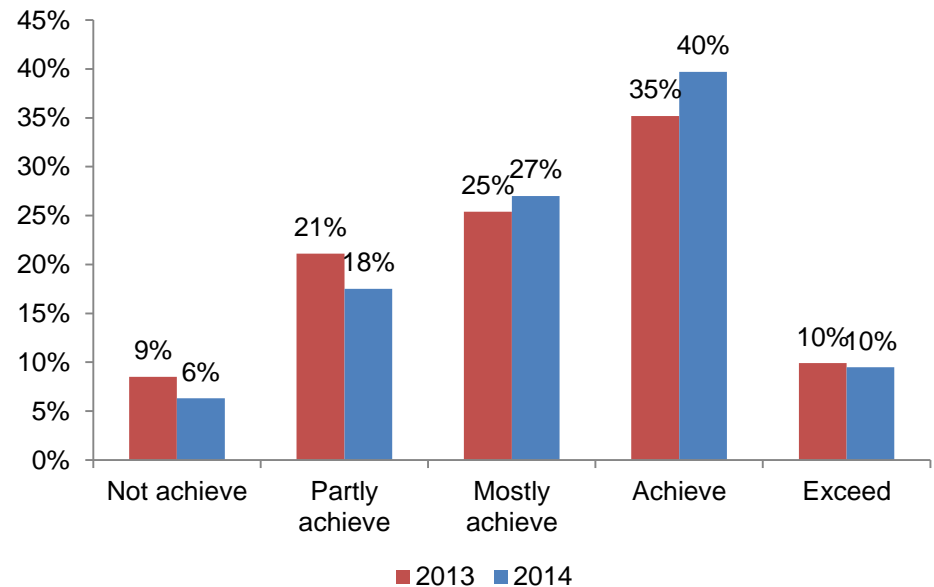
Business Outlook 2014

- German companies cautiously optimistic on business in Taiwan
- Majority of companies expect to reach their business targets
- Slight increase in share exceeding or achieving targets compared to 2013

Expectations of reaching business targets in 2014



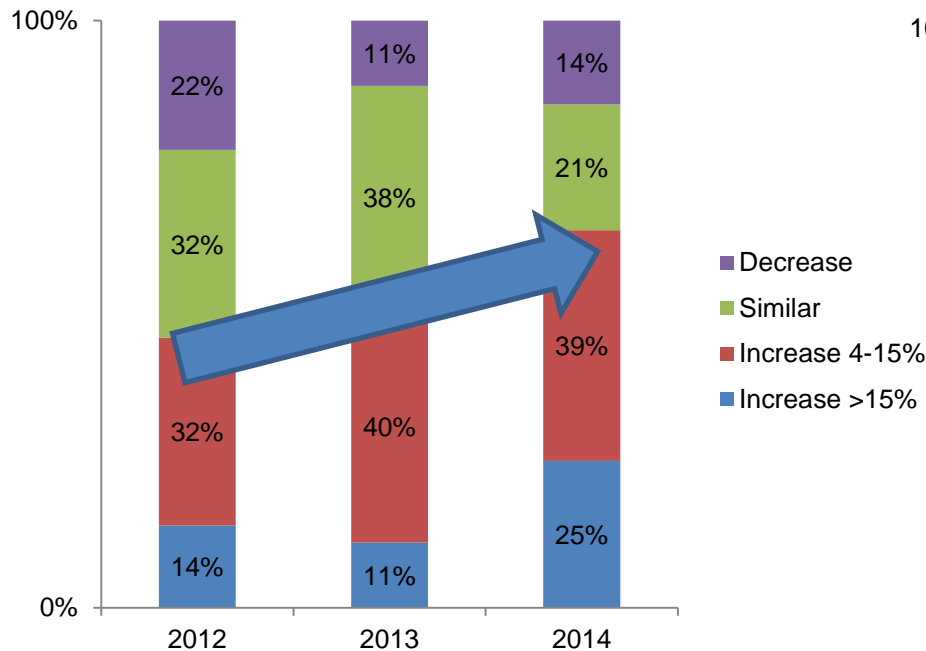
... compared to previous year



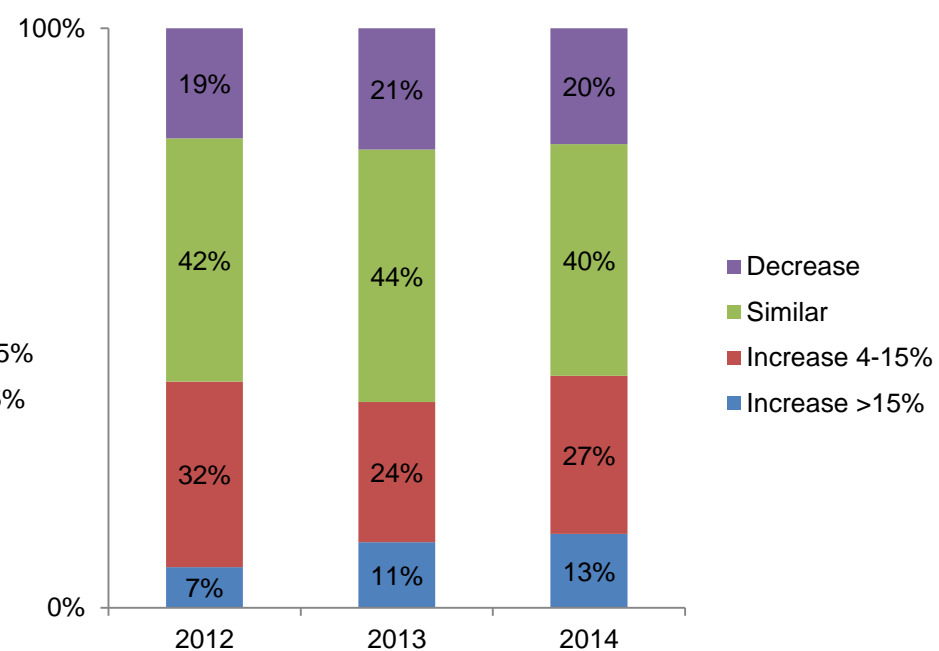
Business Outlook 2014

- Positive business sentiment especially reflected in turnover expectation
- Companies expecting turnover increases up by 13 percentage points
- Profit development remains similar to 2013

Change in expected turnover



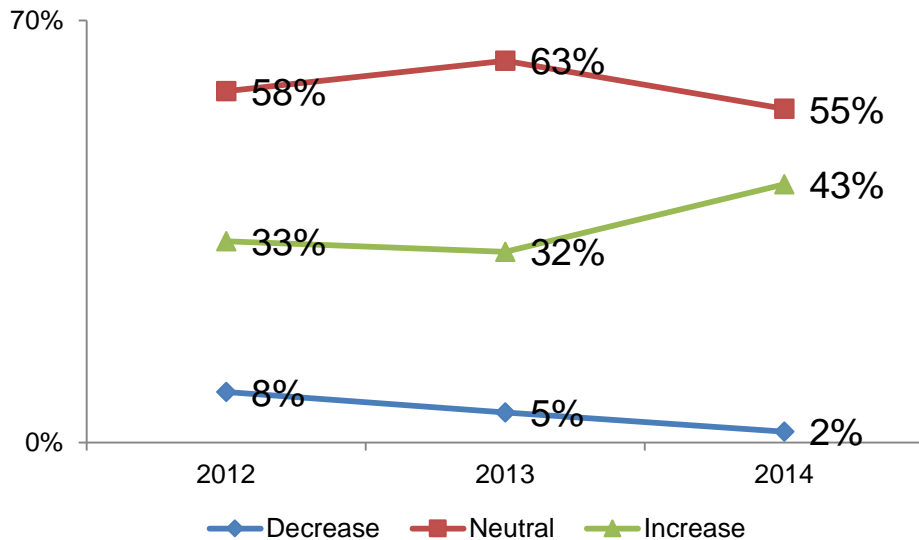
Change in expected profit



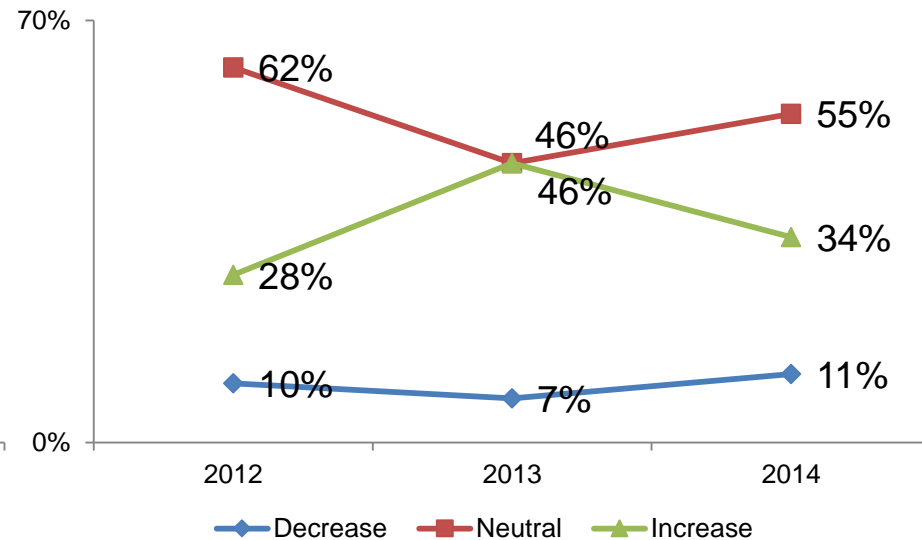
Business Outlook 2014

- Increased number of companies will increase employment
- Majority of companies to keep investment flat

Expected employment plans 2014



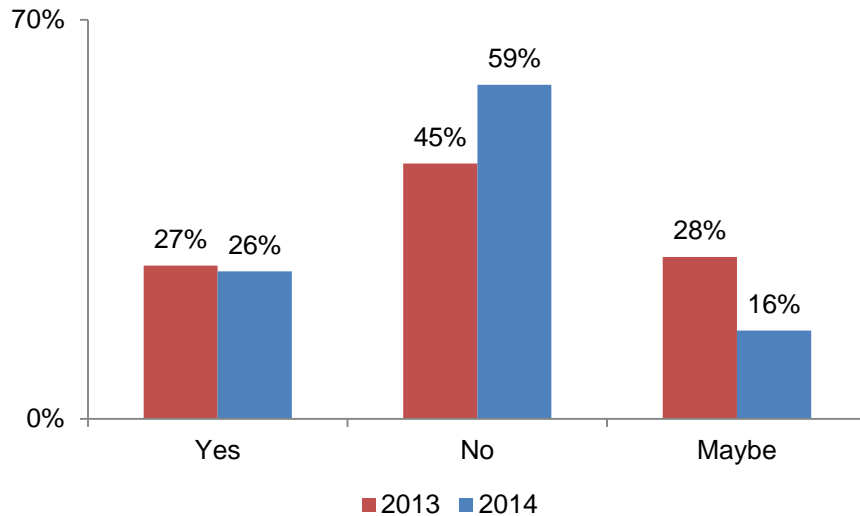
Expected investment plans 2014



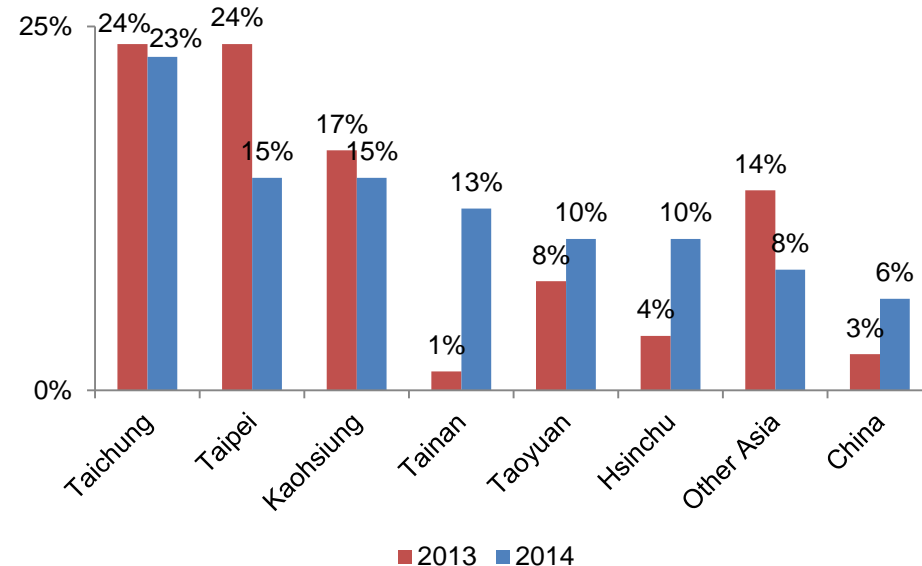
Business Outlook 2014

- About 25% of companies plan investment in new regions
- Shift towards central and southern Taiwan
- Taichung most attractive for first time, Tainan and Hsinchu gain in attractiveness

Plans for investment in new locations



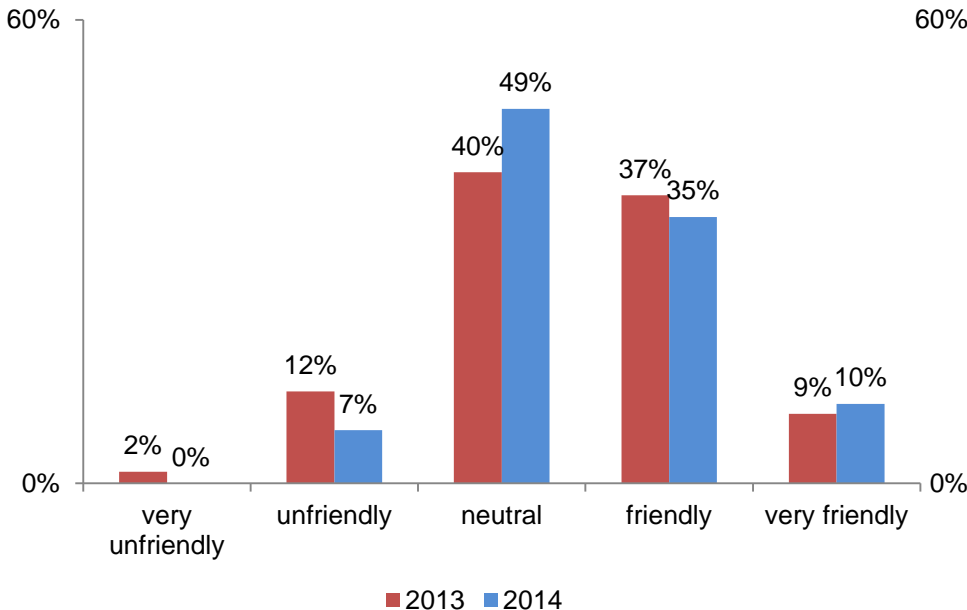
Most attractive for new investments



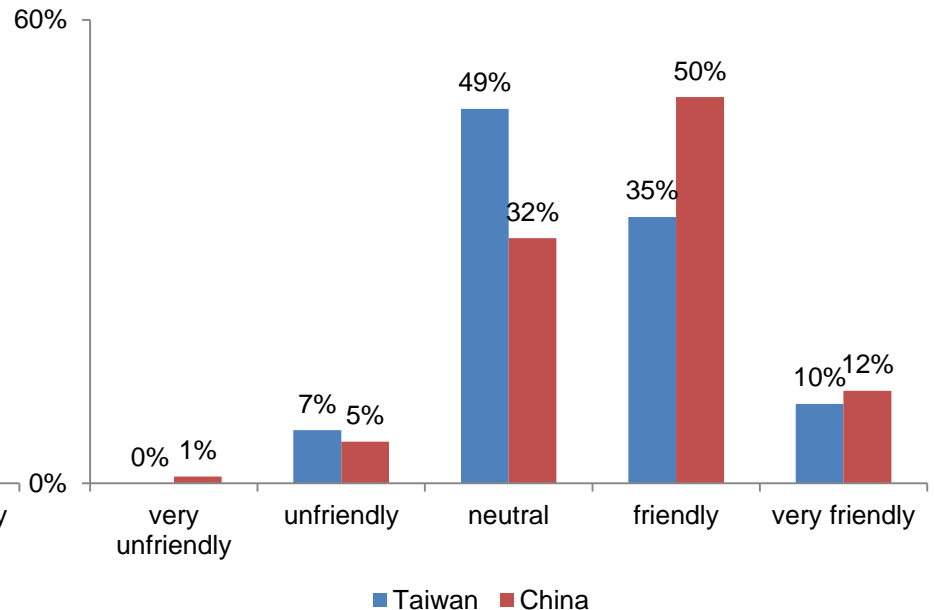
Business Environment

- Less companies perceive local authorities as unfriendly
- Majority of German companies in Taiwan perceive local authorities as neutral
- Majority of German companies in China perceive local authorities as friendly

Business friendliness in Taiwan



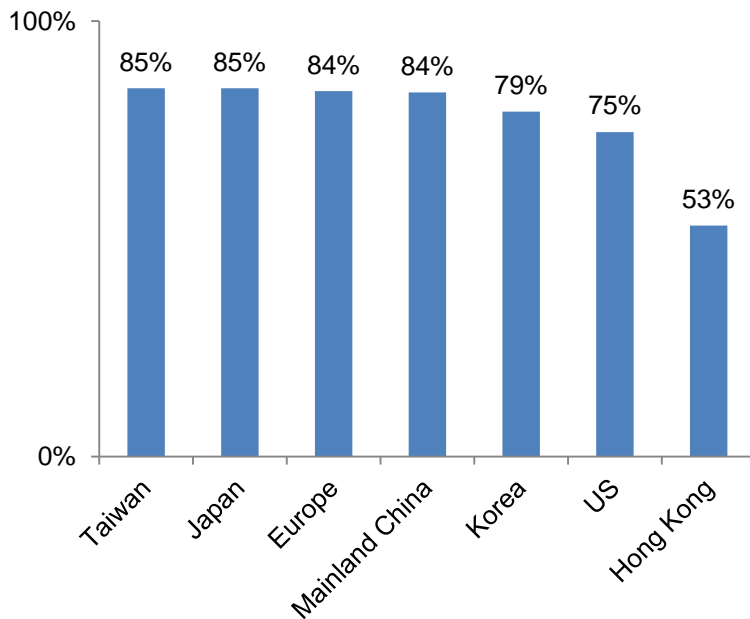
.....and compared to China



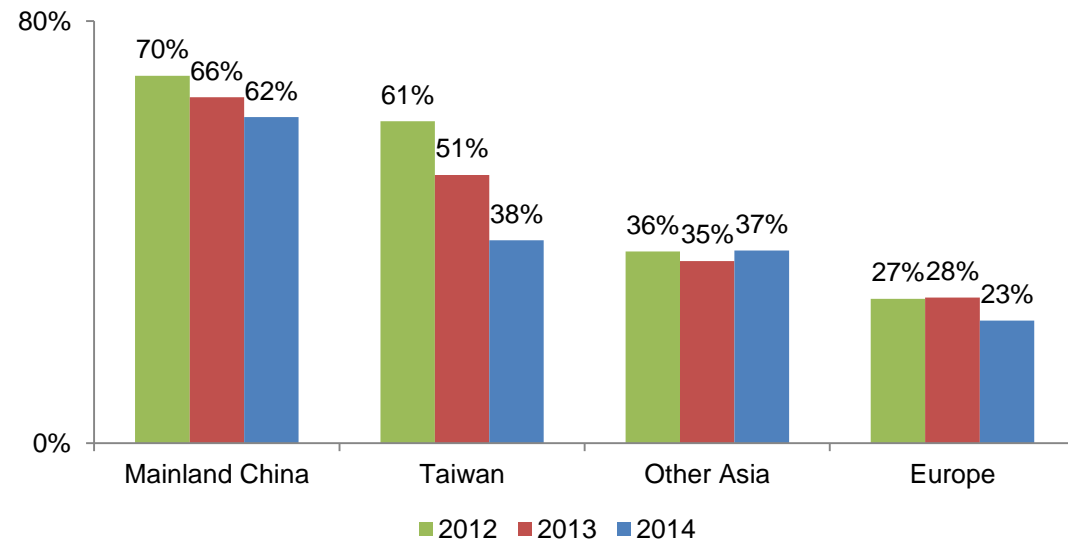
Business Environment

- Taiwanese market highly competitive
- Most German companies expect competition of Chinese companies to increase

Origin of competition



Increasing competition

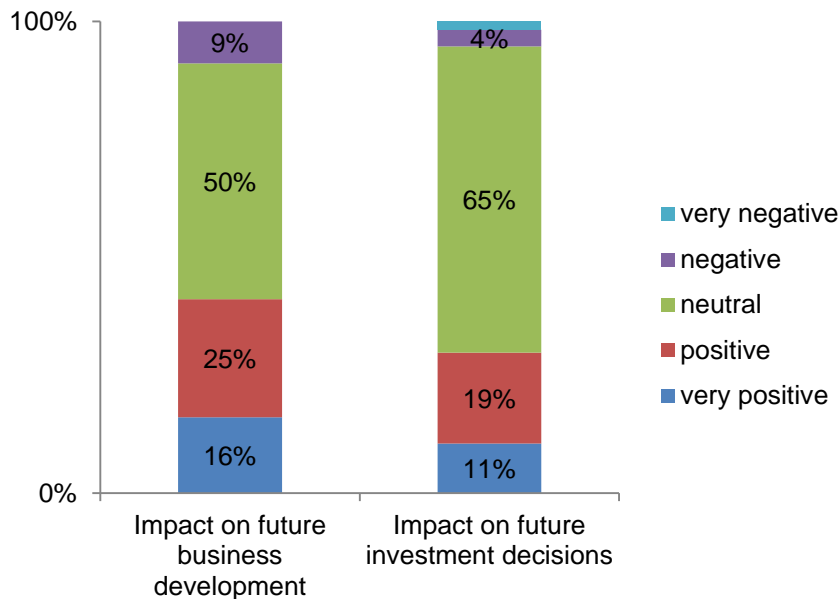


Business Environment

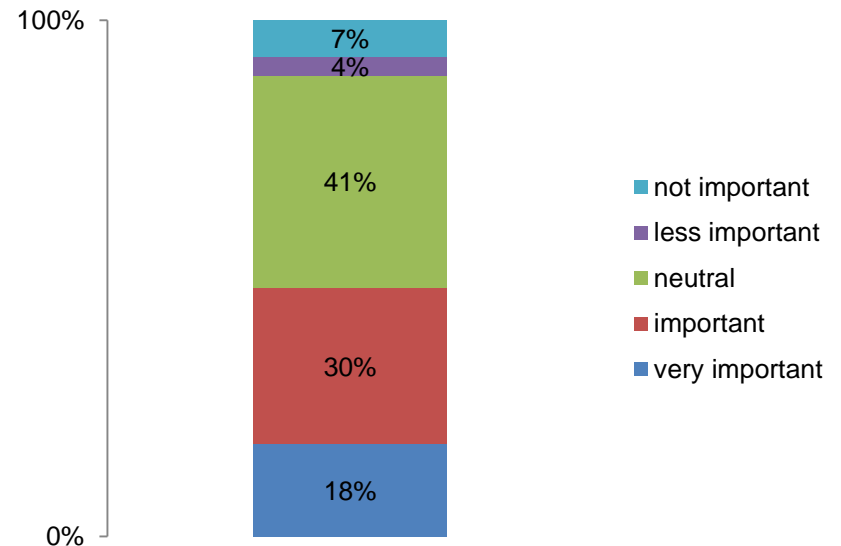
- Majority of companies neutral to Cross-Strait Agreement on Services
- Impact on future business development more positive than on investment
- 48% regard the agreement as important for their business

Cross-Strait Service Agreement

Impact

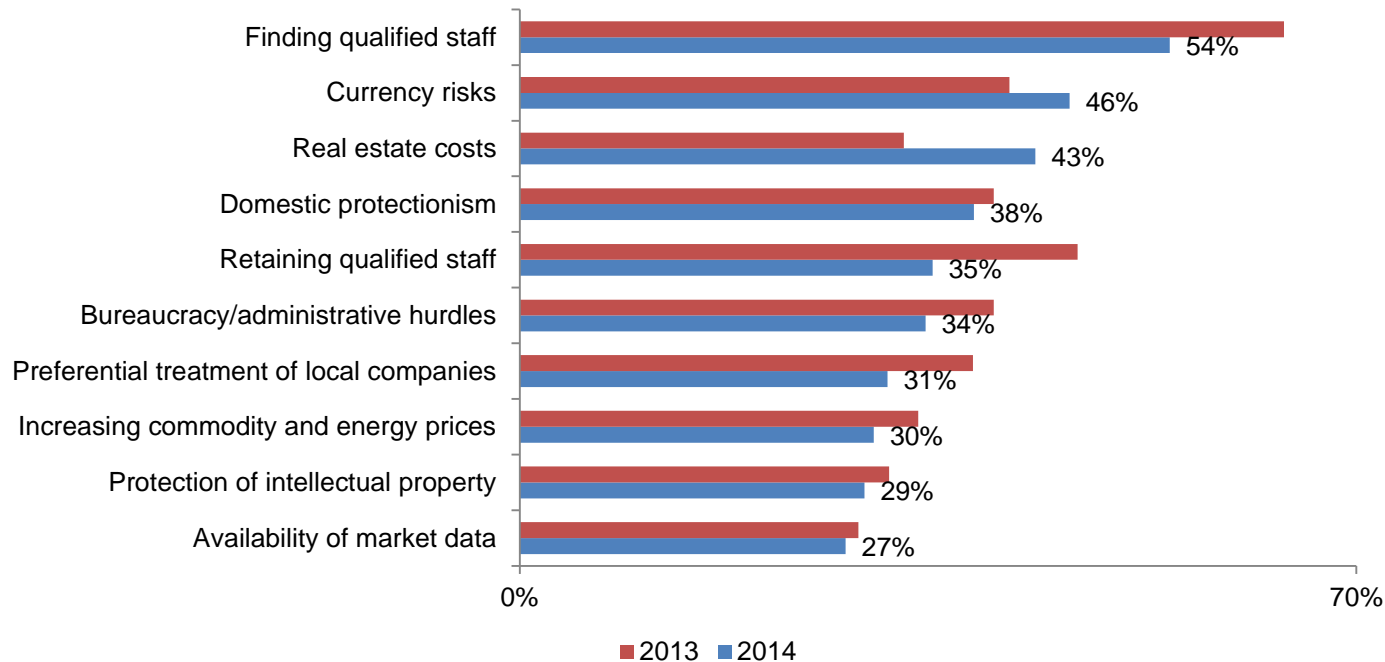


Importance



Business Environment

- Finding qualified staff remains biggest business challenge
- HR challenges with largest improvements
- Rising real estate costs gaining momentum



**Top 10
 Business
 Challenges**

Key Findings

1

Business Outlook

- Business sentiment of German companies generally positive
- They perform robustly, vast majority will reach their targets in 2014

2

Growth Outlook

- Turnover growth more optimistic, profit growth moderate
- More German companies plan recruitments, reluctant with investment plans
- Investment plans shifts towards central / southern Taiwan

3

Cross-Strait Agreement

- Almost half of German companies regard service agreement as important for their business
- Impact on future business development more positive than on investment decisions

4

Challenges

- Finding qualified staff remains top challenge
- Out of the 10 biggest challenges only 1 is a challenge for more than 50%, 8 challenges have improved
- To be watched: Real estate costs!

Thank you very much for your attention.

German Trade Office Taipei
德國經濟辦事處

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