Business Confidence Survey
Report 2019

2019德國商業信心調查報告
Business Confidence Survey 2019

General Introduction

Key facts:

- Since 2012 – 8th survey
- Conducted between October 23 – December 3
- 251 contacted German business representatives
- 103 participants

Focus on:

- The current business environment
- The most pressing challenges
- Foreign investments in Taiwan
- Business expectations

Response rate
(~30% in 2018)

41%
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Executive Summary

97%

Of the German companies would choose Taiwan again as a business location

German companies...

- remain confident about Taiwan’s economic outlook
- highly value their employees’ qualification

Biggest challenges:

- global economy & cross-strait relations
- governmental frameworks & import restrictions
German Business in Taiwan

German companies operate in Taiwan …

15 years and longer

60%

5 - 15 years

33%

19% TAIPEI

43% TAIPEI

19% TAICHUNG

~ 10 %

~ 2 %
German Business in Taiwan

Main fields of German companies:

- **Services**: 30.9%
- **Sales / Marketing**: 28.2%
- **Manufacturing / Production**: 14.9%
- **Trading**: 12.2%
- **Sourcing / Procurement**: 7.2%
- **Other**: 6.6%
German Business in Taiwan

Industry sectors German companies are active in …

- 33.8% Machinery / Industrial Equipment
- 9.9% Energy
- 8.5% Automotive
- 7.0% Electronics / Computer
- 5.6% Construction
- 5.6% Transport
- 4.9% Chemical
- 4.9% Health care
- 3.5% Finance / Insurance
- 3.5% Legal Service / Consulting
- 2.1% Tourism
- 10.7% Other

AHK
Deutsches Wirtschaftsbüro
German Trade Office
Taipei
德國經濟辦事處
German Business in Taiwan

Reasons for presence in Taiwan:

- Following key accounts & customers: 56%
- Presence in Asian market: 50%
- Sales potential: 44%
- Adapt products to local market: 32%
- R & D activities: 9%
German Business in Taiwan

German companies employ in Taiwan …

- 11 - 50 employees: 46%
- 1 - 10 employees: 22%
- 100+ employees: 18%
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Financial Indicators

High diversity in terms of revenues:

- > 1 billion NT$: 19% (2019), 14% (2018)
- 250 million - 1 billion NT$: 19% (2019), 18% (2018)
- 50 - 250 million NT$: 19% (2019)
- 5 - 50 million NT$: 20% (2019), 24% (2018)
- < 5 million NT$: 8% (2019), 13% (2018)
Of the subsidiaries in Taiwan contribute more than 5% to their company’s global revenues

~1/4

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Financial Indicators
48% of the German companies reported EBIT margins above 5%.
Achievement of business targets:

- 2015: 43%
- 2016: 38%
- 2017: 57%
- 2018: 49%
- 2019: 34%
Market Environment

64%
Of the German companies highly value the qualification of Taiwanese staff.

61%
Social stability and security

60%
Legal certainty

56%
Infrastructure
66%

Of the companies have already been positively impacted by current government programs.
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Market Environment

62% consider the global economy to be the biggest challenge

- Cross-strait relations: 46.1%
- Taiwan’s economic growth: 44.1%
- Growth of market segment: 42.2%
- Reliability of governmental frameworks: 25.5%
- Absence of FTA & investment agreements: 22.5%
- Import restrictions: 23.5%
Outlook

41%

Expect the Taiwanese economy to improve within the next three years
Consider the machinery industry as their main target industry
Outlook - Investments

98%

Of the German companies is currently not planning to leave Taiwan

Investment plans within the next two years:

- 40.2% will invest
- 31.4% will not invest
- 28.4% unsure
Outlook - Investments

40%

Of the companies are planning to invest within the next 2 years. Investments will be made in...

- Sales, Marketing and Business Development: 65%
- Staff Development & Training: 52.5%
- E-Commerce and Digitization: 30%
- New Office Facilities: 30%
- Research and Development: 27.5%
- New Manufacturing Facilities: 22.5%
Of German companies are not planning to invest in the next 2 years because of ...

- low market expectations: 60%
- influence of the global economy: 38%
- expecting weakening domestic economy: 24%
- uncertainty about overall political situation of Taiwan: 21%
- increased domestic competition: 17%
- large investments were made recently: 14%
Recommendations

Continue with current government programs

- Incentives for more electric vehicles
- Reduce import restrictions and bureaucracy
Thank you