Smartly Connect Taoyuan Germany Business Seminar

Investing in Taoyuan, Taiwan

Speaker: Mr. Eason Kuo
Director General
Department of Economic Development
Taoyuan City Government
Agenda

- About Taiwan
- About Taoyuan
- A deeper look at Taoyuan
- Advantage of investing in Taiwan & Taoyuan
• About Taiwan
Germany and Taiwan

Flight Time: 13.5 Hours
5800 miles
Factsheet Taiwan

- Central Hub of Asia
- Premier Talents Pool
- Excellent Infrastructure
- Strong Industrial Cluster
- Highly Value Intellectual Property Law

World Ranking #13
Global Competitiveness Report 2018

World Ranking #13
Doing Business 2019: Ease of Doing Business

- Investment from foreign new registered companies reached 718 Million USD in Taiwan in 2018
- Total overseas investment volume surpasses 11.4 Billion USD, increased 52.27% than 2017!!
Economic Overview

Taiwan’s GDP at Current Prices**

Taiwan’s Trade Balance with Germany*

*forecast **in Billion US$

Source: National Statistics (Taiwan)
Taiwan & Germany: Important Trade Partners

DE Imports from TW: 7.06 bn. USD (+9.4%)  
DE Export to TW: 9.96 bn. USD (+8.3%)

#1 Import volume from EU region to Taiwan

#1 Export volume from EU region to Taiwan

Industry Sectors

- Optical, Photographic, Precision Medical and relevant products: 9%
- Chemical and relevant products: 8%
- Plastics and relevant products: 11%
- Base Metals and relevant products: 66%

Industry Sectors

- Automotive and transportation relevant products: 5%
- Base Metals and relevant products: 10%
- Chemicals: 13%
- Mineral Products: 24%
- Machinery, Mechanical and relevant products: 48%

Source: Ministry of Finance
German Investments in Taiwan

German Total Investments in Taiwan

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment (in Million US$)</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
<td>126.2</td>
</tr>
<tr>
<td>2014</td>
<td>558.8</td>
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<tr>
<td>2015</td>
<td>102</td>
</tr>
<tr>
<td>2016</td>
<td>31.7</td>
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<tr>
<td>2017</td>
<td>155.5</td>
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<td>2018*</td>
<td>642.3</td>
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Investment Sectors in 2018

- Manufacturing: 10.1
- Electricity & Gas: 5.9
- Chemical Material: 5.8
- Other: 4.6
- Financial & Insurance: 8.7

Germany ranks #2 of Foreign invest to Taiwan
What do you think about *Taiwan Market*?

- Domestic Demand Market
- Produce or Sales Base
- China-Us Trade War-
  Next Product Basement
About Taoyuan
The Axis of Global Industrial Ecosystem

Asia-Pacific Hub

Taoyuan serves as a strategic hub connecting Northeast and Southeast Asia. Most major cities in Asia can be reached within 3 hours of flight time.

Business Center

- Prime portal for international enterprises doing business in Asia-Pacific area.
- Within 3 hours to 7 major Asian cities.
Taoyuan City

Factsheet

2.2 Mio. Population

34.6 Bilo. USD GDP

7.7 Mio. Households

1,221 km² Land Area

32 Industrial Parks

6,827 Hect.

Rank #1 Industrial values in Taiwan
Out of 250 German companies in Taiwan, there are 25 German companies invest in Taoyuan!
DHL & Taoyuan City Government signed MOU

Invest 28,000,000 Euro more!

Merck visited Taoyuan City Mayor for potential future cooperation

Potential Development of International Medical Area!
DHL spends NT$80m on Taoyuan service center

By Kao Shih-ching / Staff reporter

DHL Express Taiwan Corp (德國德國德國) yesterday said that it has invested NT$80 million (US$2.54 million) in setting up a new logistics service center in Taoyuan, and expects an increase in consumer demand over the next few years.

The local subsidiary of Deutsche Post DHL Group, one of the world’s leading mail and logistics service groups, said that the center in Taoyuan’s Cingpu District (清浦) is to replace the existing center in Taoyuan, which is smaller and cannot keep up with growing demand.

The new center would be the largest of the company’s 10 service centers in Taiwan at 4,000m2, DHL Express Taiwan communications manager Frankie Fang (方偉) told the Taipei Times by telephone.

With improved processing procedures and new equipment such as conveyor belts, the center’s hourly capacity would be twice as high as the old one, Fang said.

This investment signals DHL’s commitment to bolstering international trade and connecting even more local businesses to the world, DHL Express Taiwan managing director Yung C. Ooi (翁志君) said in a statement.

Taoyuan is one of DHL’s most important service centers in Taiwan, as more than one-third of the nation’s top 500 manufacturers are located there, Ooi said.
A deeper look at Taoyuan
Intense Connected Transport Network

3 Centers
Aerotropolis
Central Taoyuan
Central Zhongli

6 MRT Lines
Airport Green Line
Green Line to Zhongli
Brown Line
Sanying Line
Sanying to Bade
Undergroundization

Undergroundization of Taoyuan Railway

MRT Green Line
MRT Airport Line
MRT Brown Line
MRT Sanying Line
MRT Green Line Extension to Zhongli
MRT Sanying Line Extension to Bade
Overview of the Taoyuan Designated Industrial Zones

32 Designated Industrial Zones and 11 Industrial & Commercial compounds

- Chemicals
- Metal Products
- Machinery and equipment
- Semiconductors
- Textiles
- High-tech, low-pollution industries
- High-voltage wires and cables
- Electric power equipment
- Papermaking and related equipment
- Logistics and trade
- Optoelectronics and solar energy
- Plastics processing
- Plastic goods manufacturing
- Ready-mix concrete and related products
- Computers, electronics and optoelectronics
- Garment manufacturing
- Computers, electronics and optoelectronics
- Machinery and equipment
- High-voltage wires and cables
- Electric power equipment
- Papermaking and related equipment
- Machine and equipment
- Optoelectronics and solar energy
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Industrial base

Industrial output in 2016 was valued at $118.4 billion USD.

Source: Industry, Commerce and service Census, DGBAS, Executive Yuan, 2016
Industrial Acadmic Cooperation - Talented Workforce

17 colleges and universities

National Chung-Shan Institute of Science and Technology / Atomic Energy Council’s Institute of Nuclear Energy Research

26,000 students are trained each year
Industrial | One Stop Recruitment Service

• 15 Offices of Employment Services in Taoyuan, providing:
  - Employment Information
  - Jobs and Talents Search and Match-Making Services
  - Consultancy Services
**Economic Indicators**
- Corporate Income Tax: 20%
- Individual Income Tax: 5-40%
- Business Tax: 5%

**Employment**
- 11,480,000 in Workforce
- Portion of workforce with a higher education: 68.97%
- Labor Participation Rate: 59.09%

**Utility**
- **Electricity**
  - Basic Charge: 5.02-7.09 USD/month
  - kWh: 0.08-0.11/kWh
- **Water**
  - Basic Charge: 0.54-1.747 USD/month
  - m²: 0.22-0.36
- **Gas**
  - Basic Charge: 6.01-25 USD/month
  - m²: 0.39/kWh

**Regulation**
- Intellectual Property Protection
- Trademark Law
- Copyright Law
- Fair Trade Act

Source: Ministry of Labor, InvesTaiwan website.
Note: For reference only. Please refer to the department in charge for the latest info.
Taoyuan’s Main-Focused Development Projects

Some projects are open-tendering now. Welcome you participate in our develop project.

Taoyuan Aerotropolis Project

Asia · Silicon Valley

Smart City Demo site

Smart City
Innovation & Start-up | Promoting 3 Major Innovation Bases

Asia · Silicon Valley Innovation & Research Center

Hutoushan Innovation Hub

Youshi International Youth Entrepreneur Village & Motor Silicon Valley Park
The Asia • Silicon Valley Innovation and Research Center will be a 3.81-hectare facility.

It will integrate domestic IoT innovation capabilities to attract new ventures from abroad, and become a single window for connecting with Silicon Valley and other international innovation centers. Also, it will develop into Taoyuan’s primary software park and a base for attracting talented workers, capital and enterprises.
Taoyuan is responding to the Asia • Silicon Valley Development Plan by building the Youshi International Youth Entrepreneur Village and Motor Silicon Valley Park, which will not only spur the development of motors and electric machines but also provide a youth entrepreneurial space to support a start-up culture, thus turning Taoyuan into the engine that drives development of smart industries in Taiwan.

The park is scheduled to begin operations in 2023.
Asia Silicon Valley | Hutoushan Innovation Hub

Area 4.7 Hectar
Vehicle Testing Center
Plan and IoT Cyber Security
R&D Center

Self-Driving Experience
Vehicle Testing Center
Test field
IoT Cyber Security
Taoyuan Aerotropolis | Industry Land

Area

- Industry Area: #3: 96 Hectar
- #4: 191.4 Hectar
- Total: 287.6 Hectar (2,876,000m²)

Sale price of the land

- Estimate price: US$1,513/m²
- Accurate price: will be the one announced by land price review committee

Development Schedule

- The real price will be after levy notice in 2020, government offering the industry area’s land to the public
Taoyuan Aerotropolis
Core Development Industries

- International Logistics, Distribution and Related Industries
- Regional technology service centers
- Cultural and creative industries
- Aviation support industries
- Biotechnology
- High-end agriculture trade fairs, marketing and related industries

Sub-Core Development Industries

- International recruitment and training center
- Finance, insurance and related industry
- Wholesale & Retail
- International Trade
- Transportation Services
- Warehousing and logistics
Citizen Card
- Smart Card - multi functions: MRT, small fees, library card, student card etc.
- Total application exceeding 1.12 million

Smart Industry
- Smart Manufacturing
- Smart Payment & Remittance

Smart Government
- E-governance to improve government’s service

Smart Living
- IoT for Home & Building

Smart City | The world-class smart city
The Intelligent Community of the Year is selected from among the Top7 Intelligent Communities named in February.

The Intelligent Community of the Year is selected from among the Top7 Intelligent Communities named in February. ICF names the Intelligent Community of the Year at its annual ICF Summit. The selection of the Intelligent Community of the Year culminates the 12-month cycle of the Intelligent Community Awards.

Simultaneously, the founders of ICF visit each of the Top7 to validate the information they provide and prepare reports, which are reviewed by an international jury of former Intelligent Communities of the Year, government officials, business leaders, academics, and consultants involved in the Intelligent Community movement. The jury ranks each of the communities, and ICF combines this qualitative ranking with the quantitative scoring of the research company to produce the final selection.

The Awards ceremony at the ICF Summit also includes an address by the Intelligent Community Visionary of the Year.

The Intelligent Communities of the Year

On Christmas Day of 2014, Taiwan lost a county and gained a city, when the county of Taoyuan changed to municipal status. Its proximity to the Taipei Metropolitan Area has led to major investments in such public utilities as Taiwan’s largest international airport and the 2017 Taoyuan MRT Airport Line, which speeds connections between the city’s high-speed rail station and the airport. Taoyuan is the largest industrial science and technology city in Taiwan. More than one-third of Taiwan’s top 500 manufacturing industries have set up factories in Taoyuan. The industrial output value of about 2.87 trillion NTD has led all Taiwanese cities for 14 consecutive years. The population is a fusion of many ethnic groups such as Minnan, Hakka and Aboriginal people. Because of the industrial development, Taoyuan is also the municipality with the largest number of foreign workers from Southeast Asia and the largest number of Vietnamese new residents.
Smart City

Solar Photovoltaic  Campus iEN  Smart Street Lighting  Wind Power Generation

Boardchild

Knowledge Workforce

Sustainability

6 Indicators

Advocacy

Digital Equality

Innovation

Citizen Card Smart Living Experience Project

rehabilitation  station  Cloud health platform  Remote health care plan

rehabilitation
• The Qingpu area around the Taoyuan HSR station will serve as a smart city demo site.
• Establish the Municipal Museum of Art, the Innovation R&D center, and Taoyuan Exhibition Center to position IoT business opportunities and optimize Taiwan’s industry structure.
Smart City Demo site

Taoyuan Convention and Exhibition Hall

➢ International Conference Facilities
➢ Ancillary Exhibition Facilities
➢ The construction is scheduled to get started in 2020 and completed before 2023.

International Tourist Hotel

➢ The hotel is scheduled to begin operations in 2022.
• Advantage of investing in Taiwan & Taoyuan
Subsidies for Projects in Taiwan

**Global Innovation Partnership Initiatives**
Subsidize up to 50% of planned project for Cooperating with international companies in development of innovating technologies

**Small Business Innovation Research**
Subsidize up to 285,700 Euro for R&D expenses for Assisting small business for innovating application & technology upgrade

**Industry Innovation Platform Program**
Subsidize up to 50% Planned Projects with:
- High Industry Value
- Innovating products & system
- Forward-looking Industries
Tax Incentives in Taiwan

Free Trade Zones
- Multiple Tax Exemptions on Goods, Machines and equipment
- 0% Business Tax on Goods, Machinery, Equipment and Services

Company Incentives for R&D
Tax credit of up to 15% of the R&D expenditure against its income tax liability

Source: InvesTaiwan website.
Note: For reference only. Please refer to the department in charge for the latest info.
Private Investment in Infrastructure Projects

- Five-Year Tax Exemption Holiday
- 5% - 20% Expenditure Credit
- Customs Duty Incentives / Payment in Installments
- Tax Incentives on Land Value, House and Deed
- Investment Tax Credit for Corporate Shareholders

For Biotechnology and New Pharmaceutical Industry:

- Up to 35% of R&D and Personnel Training Expenditure Deduction
- Investment Tax Credit for Corporate Shareholders
- Tax Deferral for the Acquisition of Shares
- Rights to Issue Stock Warrants

Tax Incentives in Taiwan
In order to encourage enterprises to make investments and establish operational headquarters in Taoyuan, the city government subsidizes companies/legal persons or business headquarters that make original investments over NT$50 million or additional investments over NT$30 million.

Qualifying industries include international trade and logistics, aviation-related industries, cultural and creative industries, cloud computing, the circular economy, bio-tech and health care, conferences and exhibitions, leisure centers, and research centers.
## Taoyuan City

### Incentive and Subsidy Measures to Promote Industrial Development

<table>
<thead>
<tr>
<th>Subsidy</th>
<th>Building tax Land value tax</th>
<th>Rent</th>
<th>Low-rate Financing</th>
<th>Employee Remuneration</th>
<th>Vocational Training Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subsidy Content</strong></td>
<td>➢ Up to <strong>USD</strong> $40,000 per year</td>
<td>➢ Up to <strong>USD</strong> $13,300 per year</td>
<td>➢ Annual interest rate of 1.5% or less; subsidy of up to <strong>USD</strong> $50,000 per year</td>
<td>➢ New employees with household registrations in Taoyuan - subsidy after two years of employment. Up to <strong>USD</strong> $166,000 /per year for each case.</td>
<td>➢ Training subsidy of up to 50%; total subsidy amount <strong>USD</strong> $10,000</td>
</tr>
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<td></td>
<td>➢ Up to <strong>USD</strong> $60,000 per year for corporate headquarters</td>
<td>➢ Up to <strong>USD</strong> $20,000 per year for corporate headquarters</td>
<td></td>
<td></td>
<td>➢ Middle-to-older aged unemployed workers referred by public employment service organizations : subsidy of up to <strong>USD</strong> $13,300</td>
</tr>
<tr>
<td><strong>Notes</strong></td>
<td>Up to 5 years</td>
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<td>Up to 5 years</td>
<td>Remuneration subsidy up to 2 years</td>
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</tr>
</tbody>
</table>

**Notes:**
- Up to 5 years
- Up to 5 years
- Up to 5 years
- Remuneration subsidy up to 2 years

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**Vocational Training Fees**

- Training subsidy of up to 50%; total subsidy amount **USD** $10,000
- Middle-to-older aged unemployed workers referred by public employment service organizations : subsidy of up to **USD** $13,300
The time to select Taoyuan is now

#HerzlichenDank

#BesterInvestitionsStandort

Want to find out more? Join us in October for onsite trip in Taoyuan, Taiwan!