



# German Business in Taiwan Business Confidence Survey Report 2020

## 2020德國商業信心調查報告

German Trade Office Taipei



1981-2021  
Deutsches Wirtschaftsbüro  
German Trade Office  
Taipei  
德國經濟辦事處

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## Imprint

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# Introduction and Executive Summary



**G**ermany and Taiwan are important business partners, with a trade volume totaling \$16.2bn in 2020. Taiwan is Germany's fifth most important trading partner in Asia and Germany is Taiwan's most important business partner in Europe. To assess the current business environment of German companies operating in Taiwan and to improve our business relations, we, the German Trade Office Taipei, have conducted the Business Confidence Survey among German companies operating in Taiwan since 2012. The survey identifies the most pressing challenges and provides an insight into the business expectations of German companies.

**Axel Limberg**

Chief Representative and Executive Director  
German Trade Office Taipei

The Business Confidence Survey 2020 was conducted between November 24, 2020 and January 12, 2021. Of the 251 contacted eligible respondents, 101 participated in the survey, resulting in a response rate of 40%

## Executive Summary

- 1** German companies are significantly more optimistic about Taiwan's future economic development than in the previous five years. A new record high of 63% predict Taiwan's economy to improve or even significantly improve in 2021.
- 2** Even though the business results of the majority of German companies were negatively affected by the COVID-19 pandemic, the decline was not as severe as originally expected in a GTO Flash Survey conducted in March 2020.
- 3** Around 93% of the German companies did not dismiss any employee in 2020 despite the coronavirus pandemic.
- 4** 98% stated that they would restart their business in Taiwan right now if they were facing such a decision.
- 5** German companies have increased their commitment to invest in Taiwan over the past five years. Willingness to invest reached a new record high with almost half of the companies (44.6%) stating to plan to invest within the next two years.
- 6** German companies identify Industry 4.0 / Smart Machinery, mobility (e-mobility / self-driving) as well as digitalization (IoT, AI, Software) as business sectors with the biggest future growth potential.
- 7** Almost half of the company representatives (47.5%) expect the importance of Taiwan within the company's global strategy to increase in the medium term.
- 8** Taiwanese consumers and customers still have a generally positive attitude towards the branding "Made in Germany". 82.2% of the companies stated that the branding "Made in Germany" is beneficial to their business operations.

# Economic Overview and Outlook



” *The Taiwanese economy has proven itself quite resilient in the face of crisis. Despite the trade conflict and coronavirus crisis, the island’s GDP growth remains in the green.*

**Alexander Hirsche**

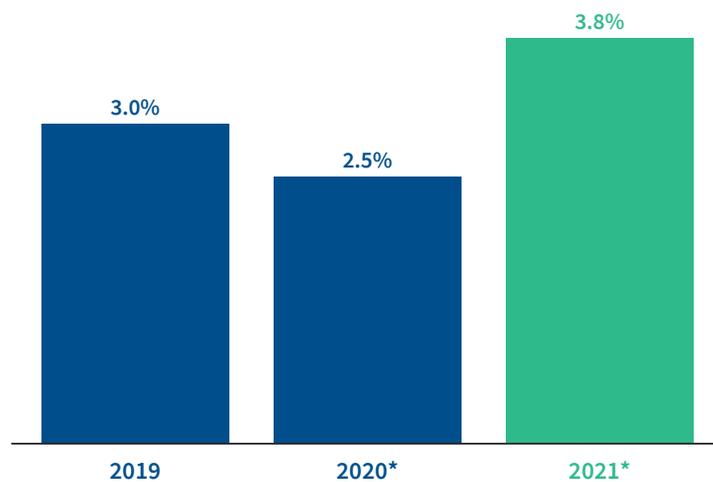
Director Taiwan and Philippines, Asia-Pacific  
GERMANY TRADE & INVEST

## **Economic Development: Forecasts Adjusted Upward**

The Taiwanese economy has emerged from the corona crisis relatively unscathed so far. After a slow-down in the first half of 2020, preliminary figures show that the gross domestic product (GDP) rose by 3.9 percent in the third quarter compared to the same period last year. Official predictions had assumed an increase of around only 2 percent. According to the Directorate-General of Budget, Accounting and Statistics (DGBAS), the government forecasts a GDP growth of 2.5 percent for 2020.

For 2021, the DGBAS predicts an economic growth of about 3.8 percent. The Taiwan Institute of Economic Research also increased its forecast from 1.8 to 1.9 percent and predicts further growth of 4.1 percent for 2021. The National Development Council is even more optimistic and predicts growth of up to 4.2 percent. This would amount to the highest GDP increase in over a decade. In addition to base effects, the continued high demand for semiconductors, the reorganization of international supply chains, investments in renewable energies, and the expansion of 5G technology will likely function as the driving forces behind this growth.

## **Taiwan’s GDP Growth 2019 - 2021**



Source: Directorate-General of Budget, Accounting and Statistics (DGBAS) 2020  
\*forecast

Taiwan benefits from the fact that it swiftly and successfully brought the coronavirus pandemic under control medically. The majority of businesses and factories have remained open. For this reason, private consumption and production did not collapse as acutely as in other countries. In contrast, the Taiwanese economy actually benefited from the significant increase in demand for electronic products that resulted from lockdowns and home-office work in other countries. Taiwan hopes to be able to position itself as a prime location for international direct investments as supply chains are readjusted.

## **Investments: Continued Strong Growth**

Gross fixed capital formation lost momentum in 2020 after a sharp in-

crease of more than 9 percent last year. Nevertheless, the expected increase of 3.8 percent despite the pandemic is still respectable.

Conversely, foreign direct investment had fallen by almost 20 percent by September 2020. The drop is partly due to a very strong previous year base. The program encouraging reinvestment of Taiwanese companies from China has been successful and will continue until 2021. By October 2020, over 200 projects with a total value of US\$26.5 billion had been announced. The government is hoping that in the wake of the corona crisis and international trade conflicts, more companies will diversify their supply chains and look to Taiwan as a stable location in the future.

**Consumption:  
Slight Downturn without  
Lockdown**

Private consumption fell slightly in the first half of 2020 due to effects of the coronavirus. Some segments suffered hefty sales losses in the spring, particularly gastronomy and tourism. However, because the conditions in Taiwan never called for a lockdown, the retail sector had mostly recovered by the fall. In the third quarter, retailers reported a 4.6 percent year-on-year increase in sales, which were also boosted by the government’s stimulus packages, including shopping vouchers.

Online retail has been particularly popular and rose by over 20 percent. Luxury goods were also in high demand, as affluent consumers rearranged their budgets and purchased high-quality products domestically instead of spending their money on shopping trips or expensive travel abroad. Nevertheless, private consumption declined by about 2.5 percent overall for the whole year but is forecast to increase again in 2021.

**Foreign Trade:  
Stable Despite the Crisis**

Despite the declining international demand during the coronavirus crisis, Taiwanese exports showed an increase of 4.9%. This is considered a huge success since countries worldwide suffer from imploding exports. The decisive factor for this result was the positive development in IT exports. Electronic products, in particular, saw double-digit increases due to the high demand spurred on by digitization.

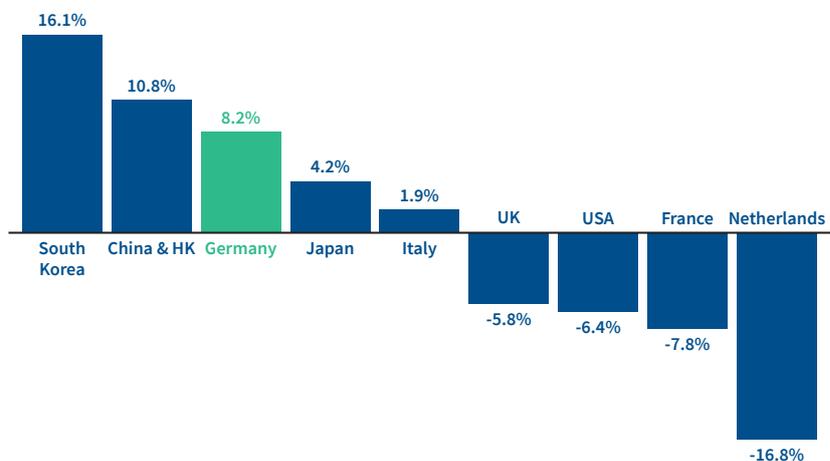
This trend is set to continue, and an increase in exports of over 6 percent is projected for 2021. After a decline of 1.2 percent in 2020, imports are also expected to grow by around 6 percent in 2021. Imports of “Made in Germany” products rose by around 8 percent by the end of 2020.

**Taiwan’s Economic Development from 2019 to 2021**

	2019	2020	2021*
<b>GDP</b>	3.0%	2.5%	3.8%
<b>Exports</b>	-1.4%	4.9%	4.8%
<b>Imports</b>	0.3%	0.3%	6.1%
<b>Gross Fixed Capital Formation</b>	10.2%	3.8%	3.7%
<b>Private Consumption</b>	2.3%	-2.5%	4.0%

Source: Directorate-General of Budget, Accounting and Statistics (DGBAS)  
\*forecast

**Taiwan’s Imports 2020 - Annual Change**



Source: Directorate-General of Budget, Accounting and Statistics (DGBAS)

**Key Industries Overview:**

**Mechanical Engineering**

For Taiwan’s mechanical engineering industry, production has dropped by around 10 percent in 2020. Industry exports also fell by around 10 percent in the first three quarters, while imports remained stable. The outlook for 2021 is more positive due to increasing investments and advances in the fields of intelligent machines and “Industry 4.0.” ITRI expects a production increase of around 6 percent.

**Healthcare**

Taiwan’s exceptional management of the coronavirus crisis has greatly improved its image worldwide. In particular, the well-established healthcare system and digital healthcare applications came into international focus. The demand for

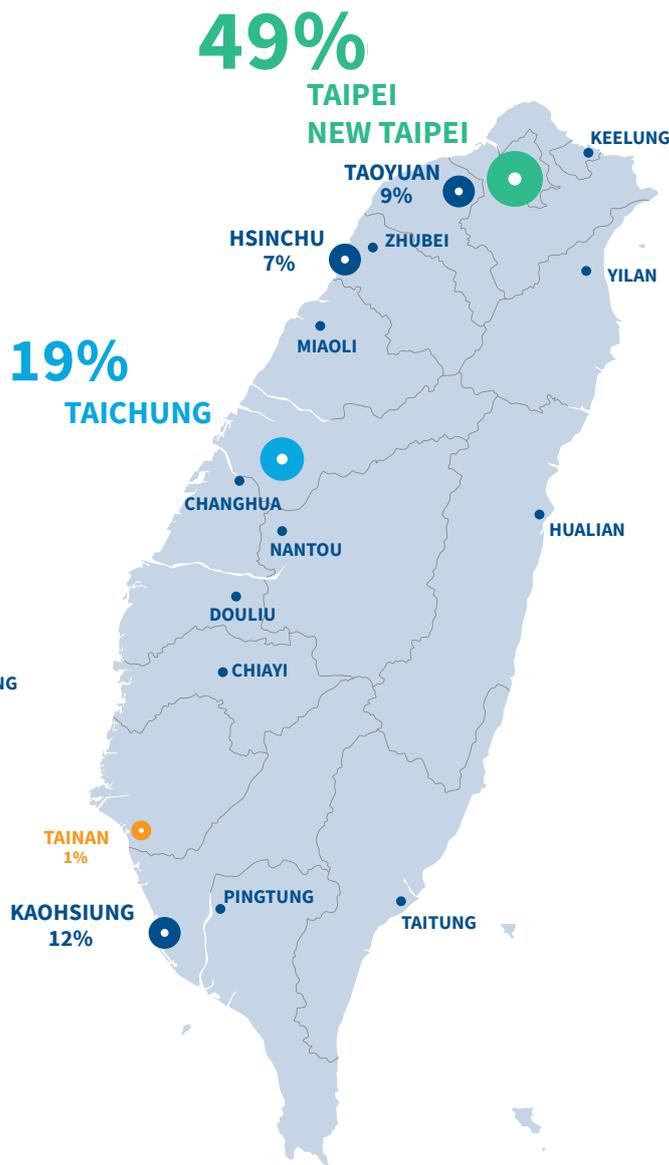
medical equipment will continue to increase in the coming years, in part to cope with demographic shifts of a rapidly aging population. Industry imports rose by almost 9 percent by September 2020, and imports “Made in Germany” increased by almost 15 percent.

**Information Technology and Communications**

Key industry players are planning investments of US\$3 billion in the expansion of 5G infrastructure by 2024. Other sectors such as autonomous driving and the Internet of Things (IoT) should also benefit from this. Going forward, Taiwan hopes to position itself as a global hub for digitization, IoT, and artificial intelligence.

Source: Article provided by GTAI Taiwan

# I. Company Profile



## Company Location

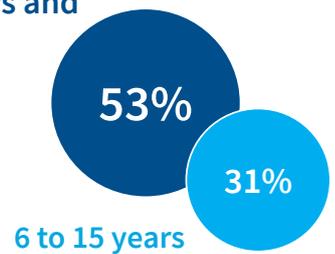
German companies can be found throughout whole Taiwan. The first choice as a business location remains Taipei and New Taipei City, where almost half (48.9%) of the German companies are located. However, since we conducted our first Business Confidence Survey in 2012, the importance of Taipei has declined by around 20 percentage points. Cities in the middle and south of Taiwan have gradually gained significance. Taichung rose from about 10% in 2012 to 19.4% in 2020, Kaohsiung from 5% to 11.5%. Taoyuan ranked fourth in 2020 with 9.4%. Hsinchu and Tainan only play minor roles.

## Taiwan's South has gained in importance since 2012

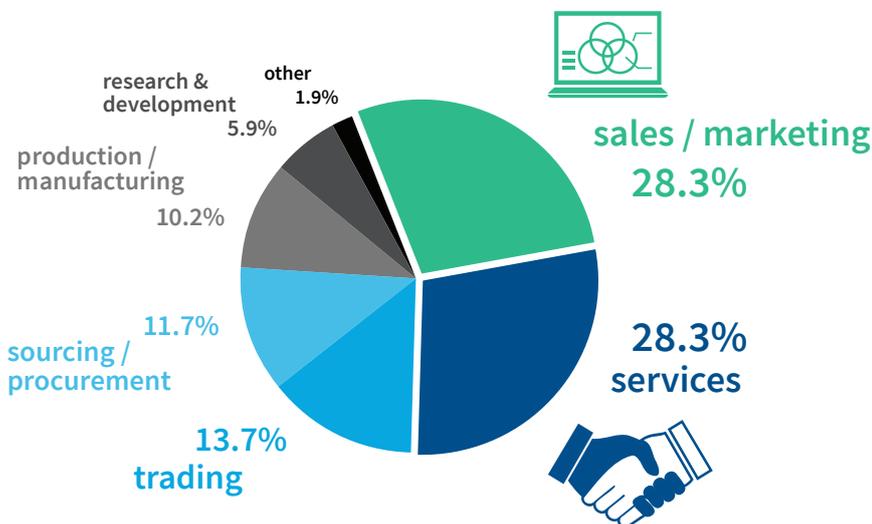
## Years of Operation

As in the previous years, the results show that German companies are interested in long-term commitment to the Taiwanese market. 53% have been operating in Taiwan for more than 15 years, 31% between six to 15 years.

## 15 years and longer



## Main Field of Business



## Main Field of Business

As in the previous years, over half of the German companies either engage in sales and marketing activities (28.3% in 2020; 28.2% in 2019) or provide services (28.3% in 2020; 30.9% in 2019). Other important fields of business are trading (13.7%), sourcing and procurement (11.7%) as well as manufacturing (10.2%). Only a small proportion of around 6 percent conducts research and development in Taiwan.

## Industry Sectors

As in the previous eight years, the machinery and industrial equipment industry remains the most important industry sector for almost one-third of the companies (29.5%). This year, it was followed by the electronics and computer industry with a share of 14.8 percent, energy was placed third (9.4%). The automotive (7.4%) and chemical (6.7%) industry ranked fourth and fifth, respectively.

## Employee Demographics

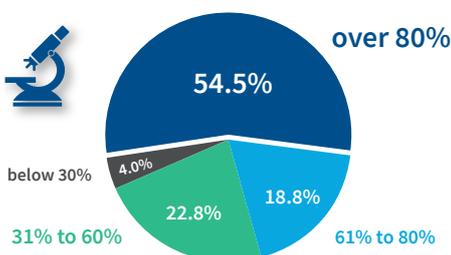
Over two-thirds of the German companies active in Taiwan are either micro-enterprises or small companies employing up to 50 people. Of the remaining one-third, 17.2 percent have a staff headcount between 100 and 500 people, while very large enterprises with over 500 employees account for only 4 percent.

**35 - 55 years**  
is the average age at most German companies

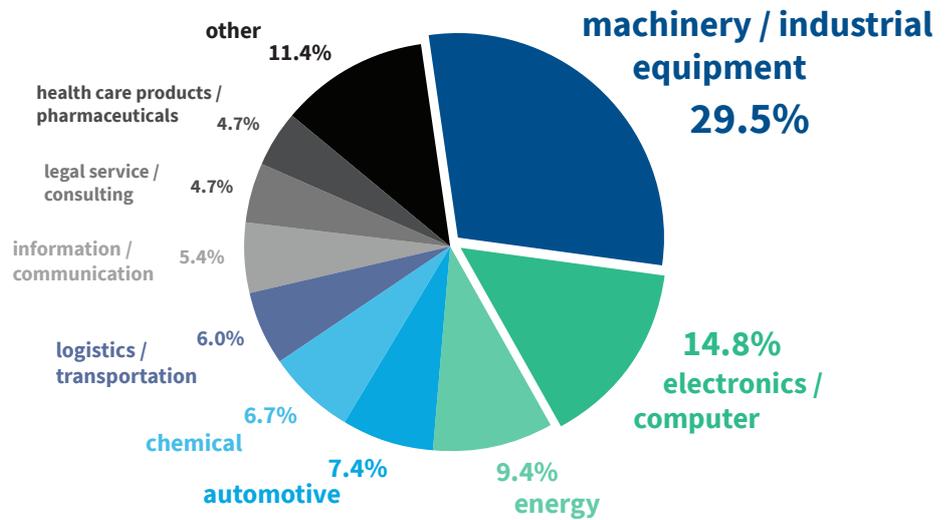
The average age at German companies ranges between 35 and 55 years (87%). 12 percent have a younger workforce averaging an age of below 34 years.

## Educational Level

For the first time, we asked the German companies about the educational level at their company. The results show that the educational level of the employees is very high. Over half of the companies (54.5%) stated that over 80 percent of their employees have obtained a university degree. Another 18.8 percent indicated that their companies educational level lies between 61% and 80%. Only 4 percent declared that less than 30 percent of their employees went to university.



## Main Industry Sectors



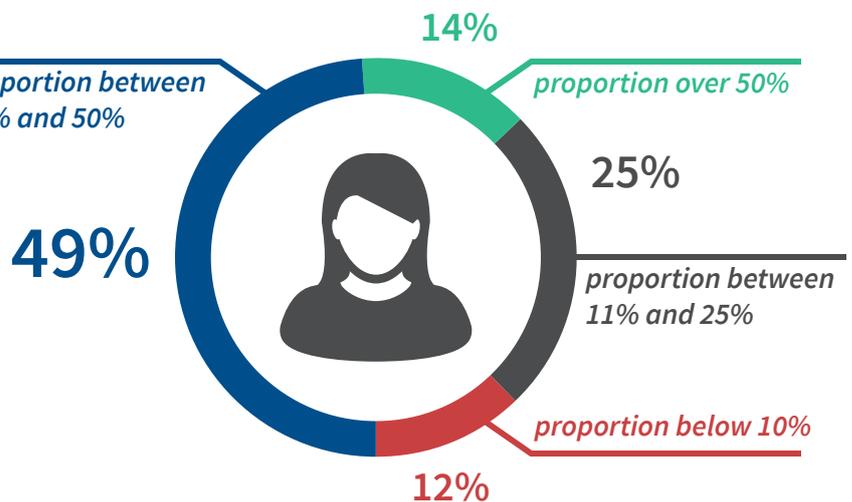
**44.4%** of the German companies employ between 10 to 50 people



- 23.3% employ less than 10 employees
- 17.2% employ between 101 and 500 persons
- 4.0% operate large scale companies with over 500 employees

## Proportion of Women in Upper Managerial Positions

The proportion of female employees in upper managerial positions lies between 26% and 50% in around half of the German companies. 12% stated to have a proportion of less than 10%, while 14% indicated that women are in the majority.



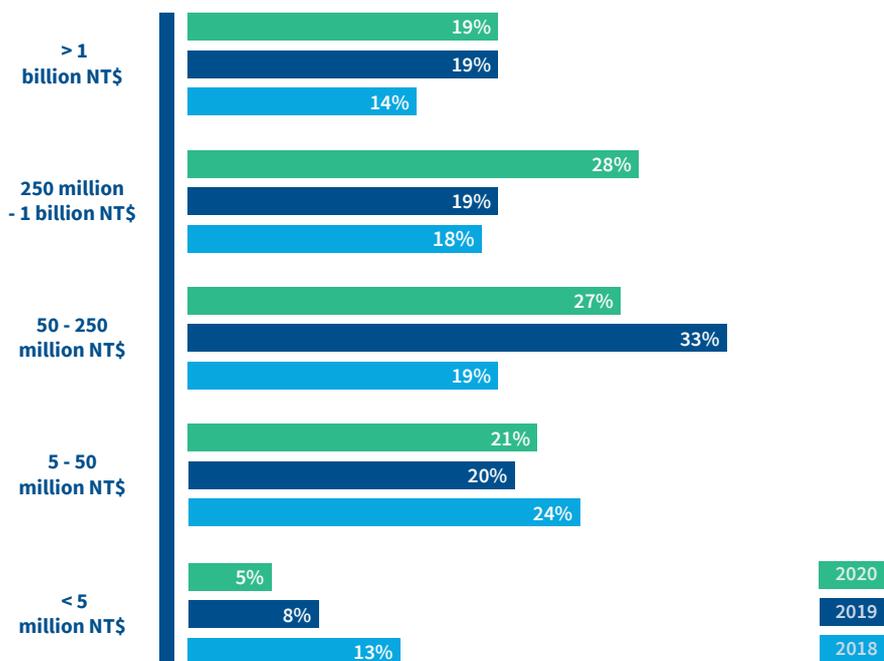
## II. Business Performance



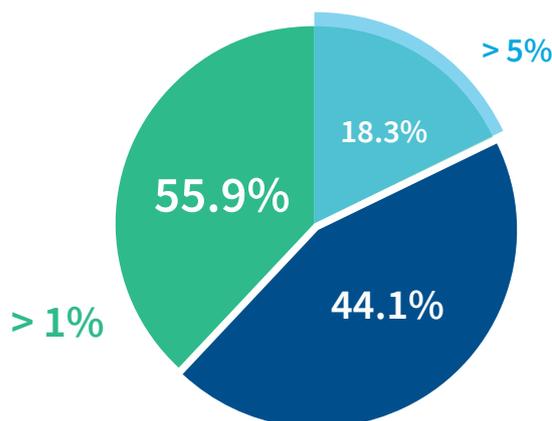
” 2020 was full of challenges to adapt supply chains to changing market situations. Creative transport solutions were implemented to ease them and yet, 2021 is witnessing record high transportation cost and the capacity crunch is likely to remain. Open dialogue within the business community is key now. Taiwan is well positioned to face those challenges.

**Antoine Bouin**  
Vice President, DB Schenker Taiwan

### Revenues 2018 - 2020



### Proportion of Global Revenues Generated in Taiwan in 2020



### Revenues

The range of revenues generated by German companies remains highly diverse. Large-scale enterprises with revenues of more than NT\$ 1 billion (19.4%) are just as present in the Taiwanese market as small-scale companies with revenues of less than NT\$ 5 million (5.1%). However, most companies indicate revenues somewhere in between.

### High Diversity in terms of revenues among the German companies active in Taiwan

### Global Proportion

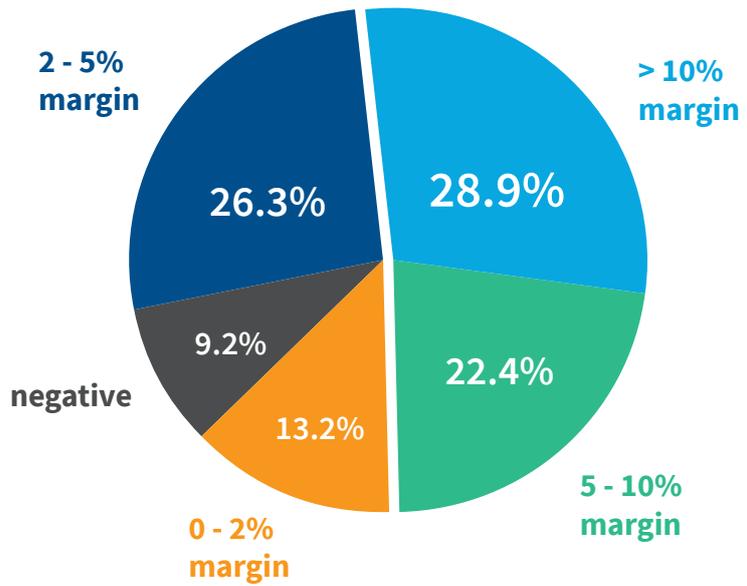
Most of the German companies (55.9%) contributed at least one percent to their group's global revenues in 2020. Among them, around one-fifth (18.3%) even contributed more than 5% to the overall revenues. The number of companies stating to contribute less than one percent virtually remained the same as in 2019, amounting to 44.1%. 7.9% of the companies preferred to disclose their figures.

### About One-Fifth contributed more than 5 percent to the overall global revenues

### EBIT Margin

In 2020, over half (51.3%) of those companies willing to reveal their EBIT (earnings before taxes) margin reported an increase of more than 5%, which means a slight increase of 3.4 percentage points compared to 2019. About one-fourth (26.3%) indicated EBIT margins between 2% and 5%. Just like last year, only a small minority of 9.2% reported negative EBIT margins. When comparing these margins to the previous year, 37.5% of the companies stated that they were able to increase or even significantly increase them. This means an increase of 11.5 percentage points, while those companies reporting a decrease in the margins dropped by 8 percentage points to 26.4%.

### EBIT Margins 2020



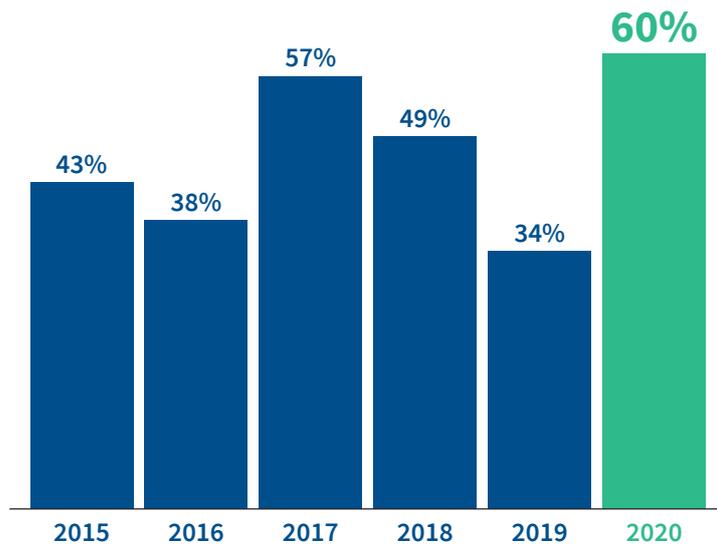
### Business Targets

After a five-year low last year with only 34.3%, almost 60 percent (59.5%) of the companies stated to have fulfilled or even exceeded their business targets in 2020, which is the second highest value recorded since 2012 (71% in 2013) and the highest within the last five years.

**60%**

have fulfilled or even exceeded their business targets in 2020

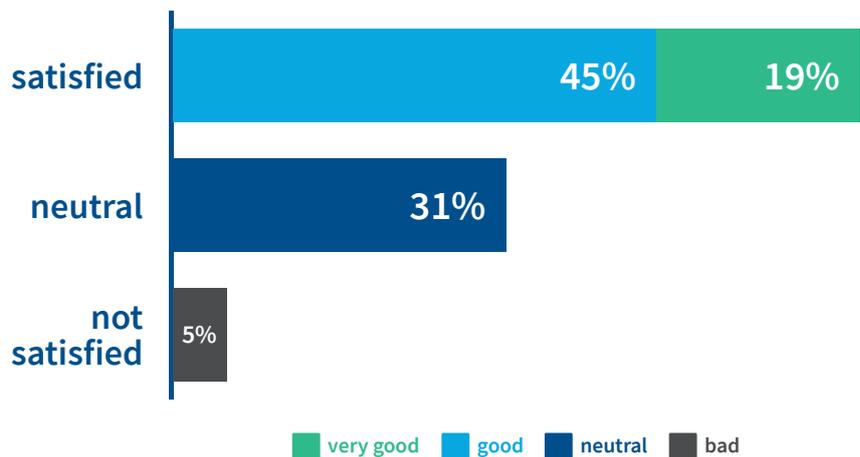
### Achievement of Business Targets



### Business Performance

Despite the COVID-19 pandemic, the results of this year's survey show that German companies operating in Taiwan are very satisfied with the performance of their company in Taiwan. Almost two-thirds (64%) consider their performance as good or even very good, while only a minor proportion of 5% is not satisfied with its overall performance.

### Satisfaction with Business Performance



# III. Presence in Taiwan and Challenges



” *Taiwan has achieved great economic stability. German technologies can further assist Taiwan in its industrial, energy, city infrastructure and digital transformations for sustainable growth.*

**Erdal Elver**

President and CEO, Siemens Ltd. Taiwan

## Reasons for Being Active in Taiwan



## Reasons for Being in Taiwan

According to this year’s Business Confidence Survey results, the presence in the Asian market (51%) is the most important reason to be active in Taiwan. Sales potential (50%) trailed only slightly behind and was placed second. Last year’s number one, following key accounts and customers, was placed third (40%), losing 16 percentage points from last year’s result (56%). A small portion of German companies also named the ability to adapt products to the local market (12%) and research and development activities (8%) as one of their motivations to be present in Taiwan.

## Presence in Asia is the main motivation to be present in Taiwan

## Valued Aspects

Asked about which aspects are valued the most in Taiwan, the stability of Taiwan’s economy (55.6%) was ranked first. Just like last year, social stability and security were placed second (52.5%), while the qualification of the staff (46.5%) lost its former first place and was ranked third. Other valued aspects included the reliability of business relations (44.4%), infrastructure (23.3%), legal certainty (13.1%) and innovation ability (11.1%). Taxation (4.0%) and cybersecurity (1.0%) only play minor roles.

**55.6%** of the German companies highly value the stability of Taiwan’s economy



Other highly valued aspects:

- social stability and security
- qualification of the staff
- reliability of business relations
- infrastructure

## Business Challenges

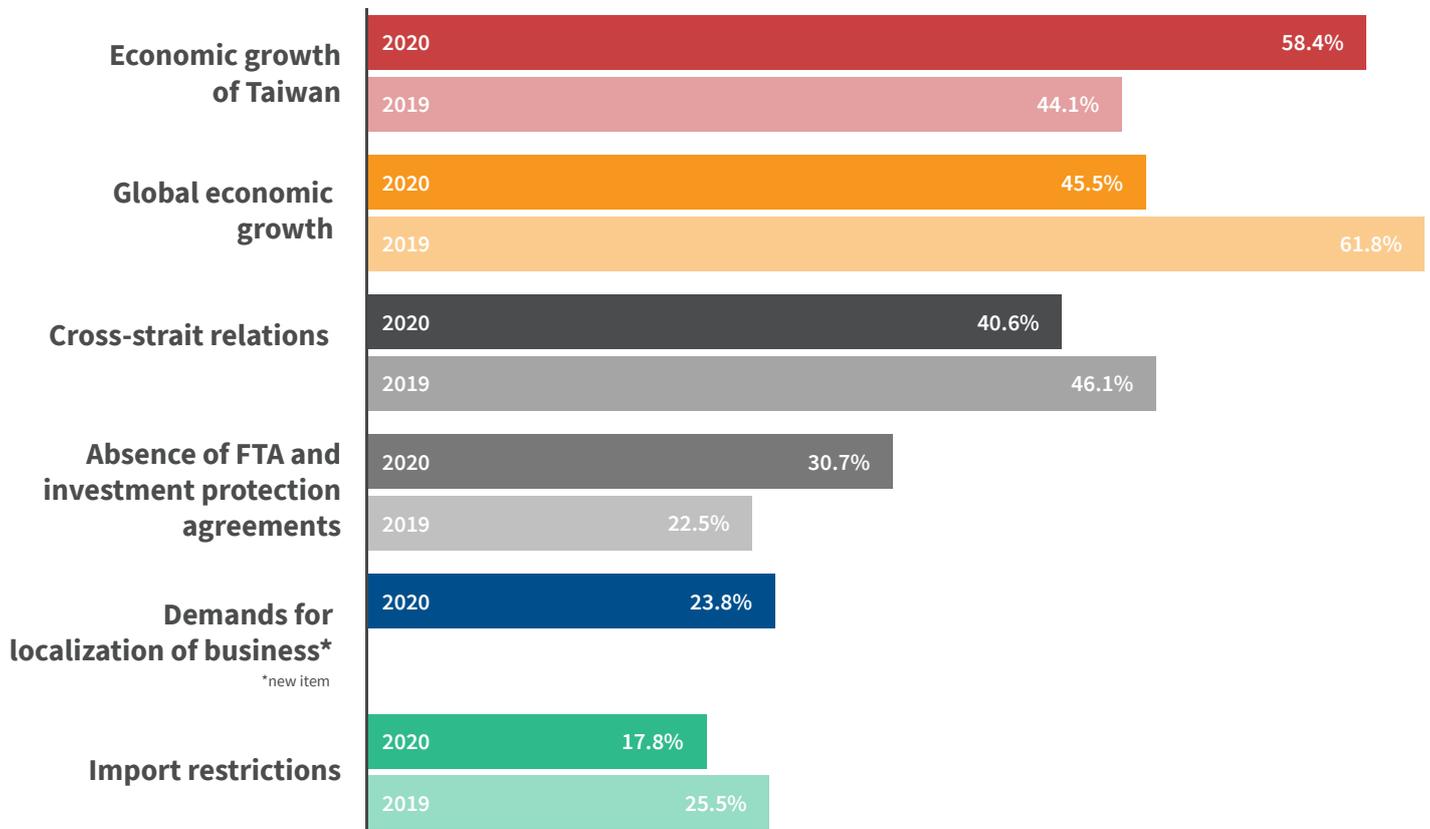
Coinciding with the appreciation for the stability of Taiwan’s economy, over half of the German companies identify a change in Taiwan’s economic growth as their biggest potential business challenge (58.4%). Last year, almost 62% considered a change in global economic growth to be the decisive factor that could harm their business. In 2020, this value dropped by around 16 percentage points to 45.5%. Aside from the economic development, cross-strait relations (40.6%), the absence of FTA and investment protection agreements (30.7%) as well as de-

mands for localization of business (23.8%) were seen as challenges. Compared to last year, especially the absence of FTA and investment protection agreements gained in significance. While only 22.5% considered this item to be a challenge, this value rose by 8 percentage points in 2020.

However, out of the 18 possible choices, many are considered to pose only minor or no challenges at all to the German companies operating in Taiwan. Just to name a few, lack of transparency at public tender procedures (6.9%) as well as customs procedures / customs audits (5.9%) were chosen by a small minority of the participants. Likewise, with only one percent, cyber and data security virtually does not pose any business challenge.

**Cyber Security**  
does not pose any business challenge in Taiwan

## Business Challenges



## IV. Business Expansion

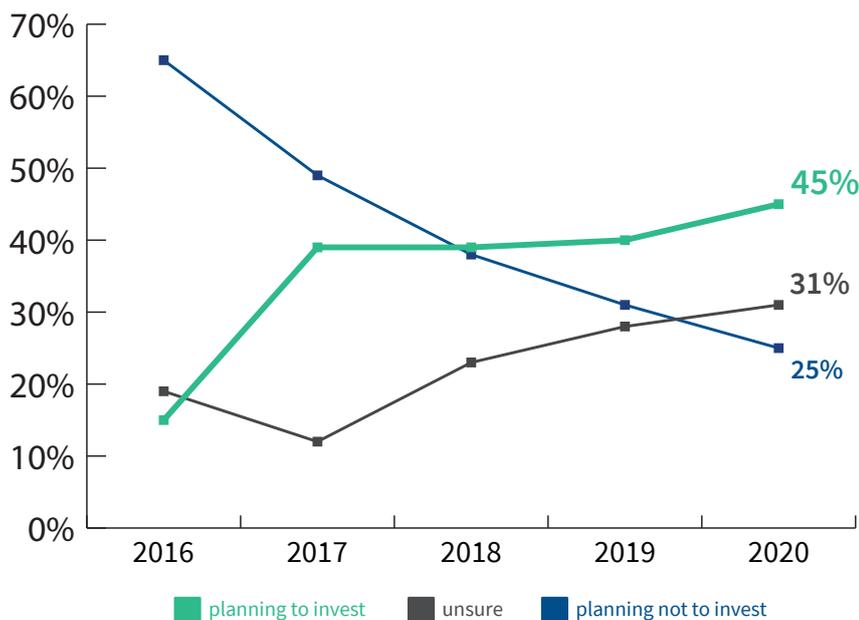


“*Digital transformation has become an integral part of everyone’s lives and Taiwan is at the epicenter of global electronics market. Expanding our business footprint in Taiwan allows us to be closer to customers, foster innovation, and most importantly to be the most localized global partner to the Taiwanese stakeholders.*”

**Dr. John Lee**

Managing Director, Merck Group in Taiwan

### Investment Plans Within Next Two Years (2016-2020)



### Investment Plans

Over the last five years, there has been a clear tendency among the German companies to increase their investments in Taiwan. In 2020, the number of companies stating to plan to invest within the next two years reached a new record high with 44.6%. This is an increase of 4.4 percentage points from the result in 2019 (40.2%) and an increase of over 29 percentage points compared to the record low of 2016 (15.4%). Likewise, the number of companies not planning to invest within the next two years gradually declined from the record high of 65.4% in 2016 to a new record low of 24.8% in 2020. The number of companies, which were uncertain to invest, also slightly increased during this five-year period from 19.2% to 30.7% in 2020.

**55%** have carried out their investment plans as originally intended



- 27% had not planned to invest
- 9% have increased investments
- 9% have decreased investments

### Realization of Investments

As for the implementation of investment plans, German companies remain highly reliable. Despite the current Coronavirus crisis, only 9.0% stated to have decreased or stopped investments. In contrast with that, 55.0% have carried out their investments as originally planned, while 9.0% even have increased their investment activities during the year.

## Investment Plans



### Types of Investments

The companies that affirmed to invest within the next two years were asked about the types of investment in a follow-up question. Just like last year, the two major investments will be made in staff development and training (64.4%) as well as sales, marketing and business development (57.8%). Other important investment types include new office facilities (37.8%), new manufacturing facilities (28.9%) and research and development (26.7%).

### Reasons Not to Invest

This year, the influence of the global economy (46.3%) is the main reason for not investing in Taiwan within the next two years. In 2019, a low expectation for market expansions was at the top of the list with 60.3%; in 2020, this value dropped to 42.6%. The third most important reason for refraining from further investments is that large investments were made in the recent past (25.9%).

### Relocation to Another Location

All in all, the German companies are very satisfied with Taiwan as a business location. When asked whether any shifts in investments to another location are planned, of the 95% of the companies that answered this question, all of them answered it in the negative.

**Not One Company**  
currently intends to leave  
Taiwan and relocate its business  
to another location

### Overall Satisfaction

When asking the German companies whether they would restart their business in Taiwan right now if they were facing such a decision, only 2.0% expressed not to do so, while the overwhelming majority of 98.0% stated that it was at least likely to do so. As for this question, the results of the last three years show a high degree of continuity, with not even one result below 96%, indicating that German companies remain very content with choosing Taiwan as a business location.

**98%**  
of the German companies  
would restart their  
business in Taiwan again

# V. Special Topics

## Impact of COVID-19

Compared to the results of a GTO Flash Survey conducted in March 2020 on the impact of COVID-19, the Business Confidence Survey results show a clearer picture of how the pandemic has effected the companies' revenues in 2020. Even though the overall number of companies faced with a decrease in revenues remains almost the same (57.5%), the decline turned out to be less steep

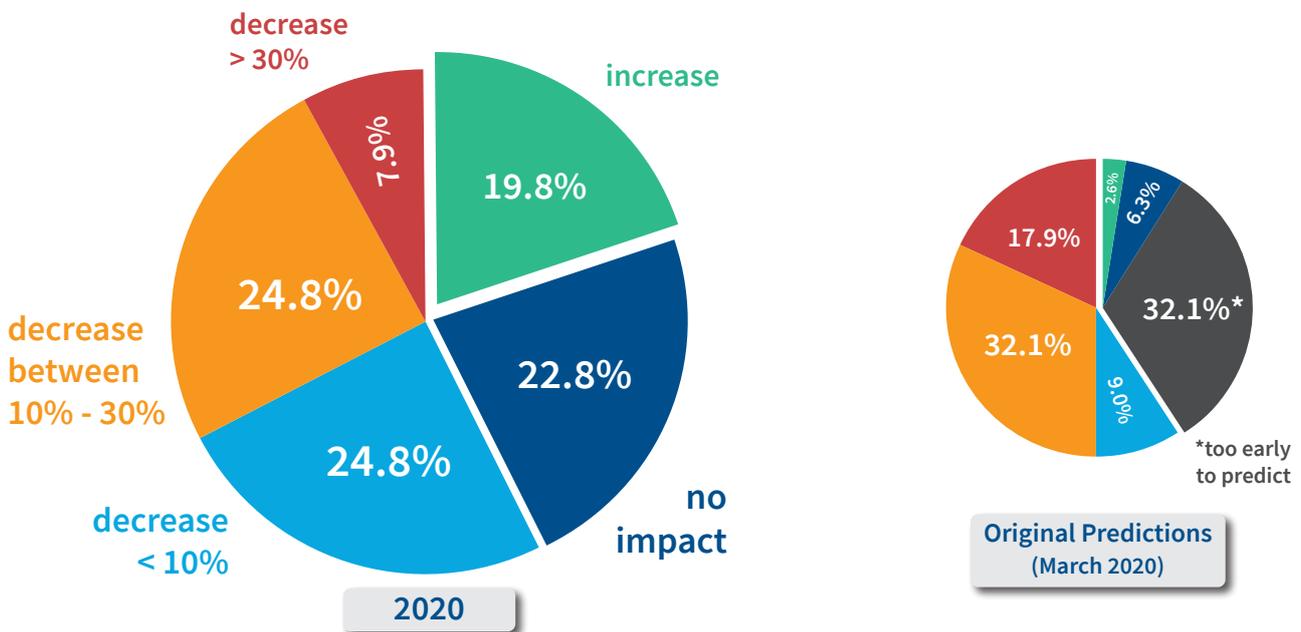
than originally expected. While in March almost 18 percent expected to see their revenues decrease by over 30%, this value dropped to 7.9%. Likewise, the number of companies benefitting from the pandemic rose significantly from 2.6% to 19.8%.

### Detailed Effects of COVID-19

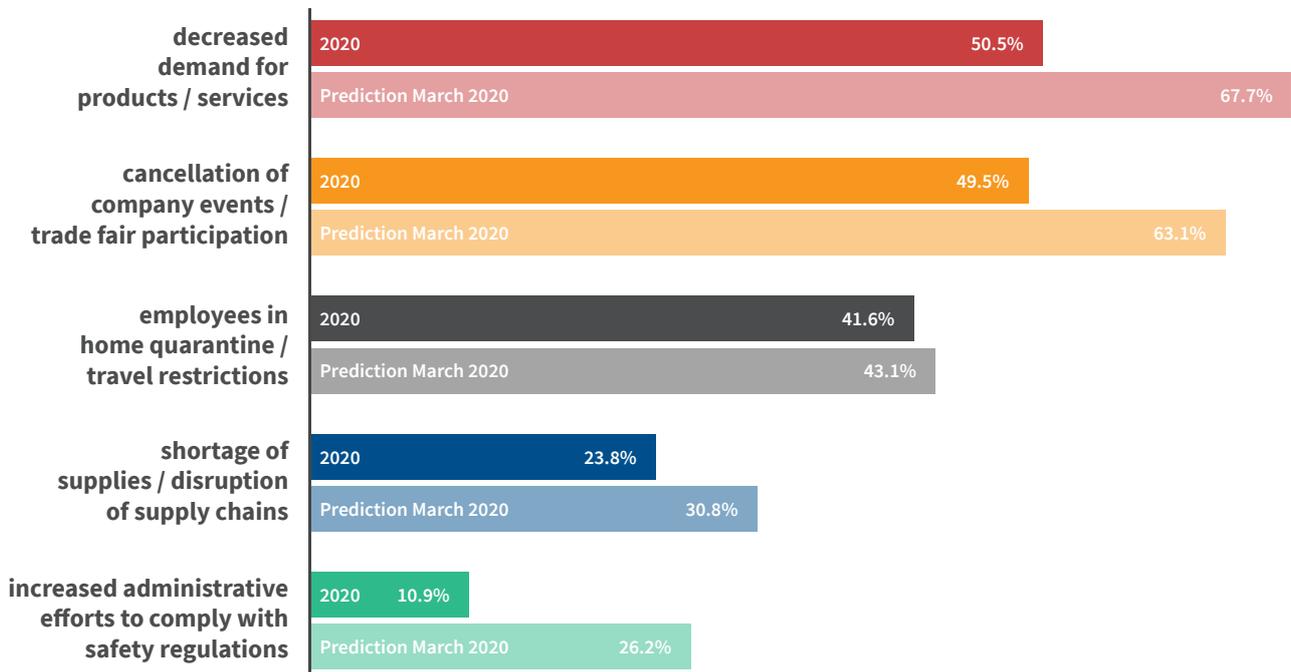
Similar to the results of the overall business performance, the direct effects of the COVID-19 pandemic on the business operations were – even though still significant – slightly better than during the GTO Flash Survey conducted in March 2020. The results show that most German companies still suffer from decreased demand for products and services (50.5%), followed by cancellation of company events and trade fair participation (49.5%). Employees in

factories were also affected. The results show that most German companies still suffer from decreased demand for products and services (50.5%), followed by cancellation of company events and trade fair participation (49.5%). Employees in

### Impact of COVID-19 on Business Results



### Detailed View on Impact of COVID-19 on Business



home quarantine as well as travel restrictions (41.6%) also remain urgent topics.

However, despite the overall negative effects of the coronavirus crisis, it did not lead to layoffs in the vast majority of the German companies in 2020. 93.1% stated to have retained their staff, while only a small portion of 6.9% had to dismiss employees.

### Government Programs

As the results show, current government programs have already had positive impacts on the business activities of almost one half (47.5%) of the German companies. The “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” (32.3%) was mentioned most, followed by the ‘Five plus Two’ Innovative Industries Program” (21.2%). The “Forward-looking Infrastructure Development Program” received 15.2%, while the New Southbound Policy had the slightest positive effect (11.1%).

### Licensing and Certification

About one-third (33.7%) of the companies stated that complicated/cost-intensive licensing and certification processes prevented them from bringing certain goods to the Taiwanese market. Some examples were given, such as medical devices, recycled plastics materials, and automobiles. Some also mentioned importing food regulations as well as health care / medical related product certification. About two-thirds (66.3%) do not consider them a problem.

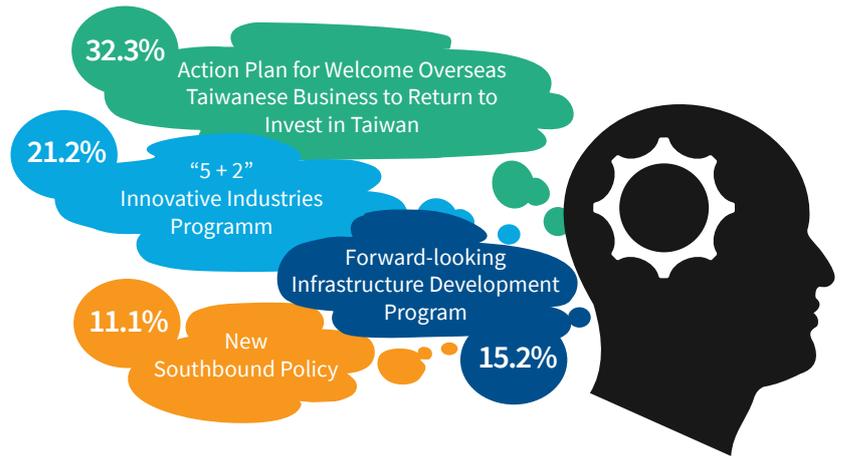
### Branding “Made in Germany”

Taiwanese consumers and customers have a generally positive attitude towards the branding “Made in Germany”. Asked whether this branding still has a positive effect on the company’s business results, the overwhelming majority of 82.2% gave a positive response, while only a small proportion of around 7% denied the effect of the branding. 10.9% was unsure about the direct effects on their business results.

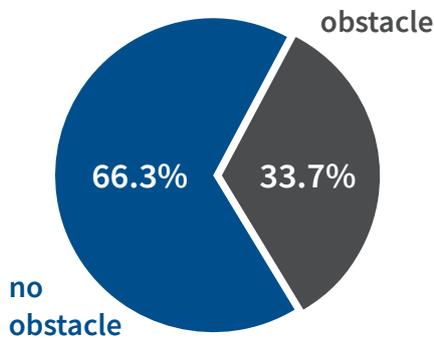
**93.1%** of the German companies did not dismiss any employees in 2020 despite the impacts of the coronavirus pandemic



### Government Programs



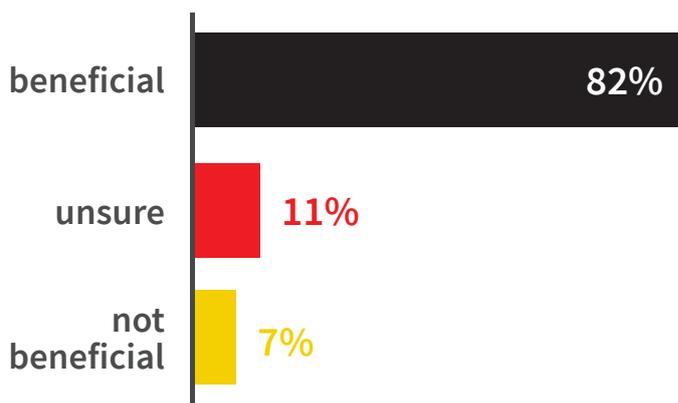
### Problems with Licensing and Certification Processes



### Reported Examples of Obstacles:

- medical devices
- recycled plastics materials
- automobiles / automotive
- importing food regulations
- health care / medical related product certification

### Effect of “Made in Germany” on Business Results



# VI. Outlook



“ **S**teady policies and clear outlooks are needed to support the energy sector. Taiwan’s energy transition has come a long way with ups and downs in the renewable energy sector that we all can learn from. Now is the time to work hand in hand with the government to secure the 2025 goals and create a reliable framework this year for 2035.

**Markus Wild**  
Managing Director, EnBW Asia Pacific Ltd.

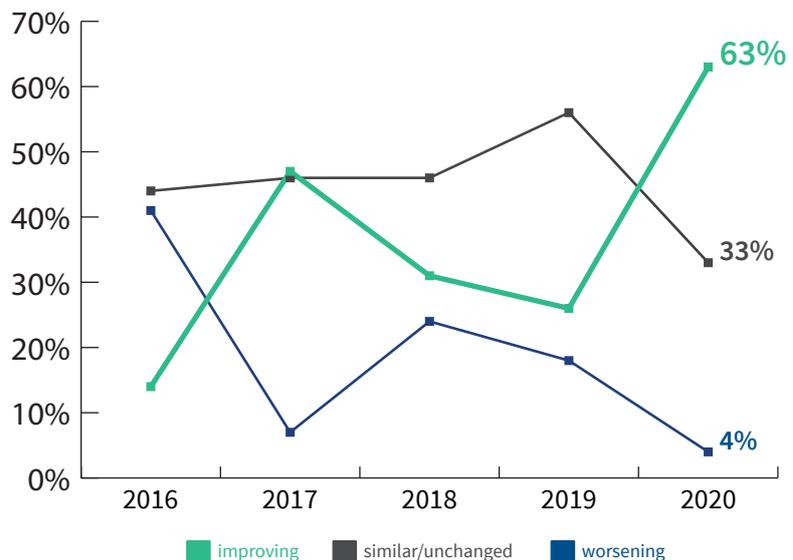
## Taiwan’s Economic Outlook

The results of this year’s Business Confidence Survey show that German companies are significantly more optimistic about Taiwan’s future economic development than in the previous five years. A new record high of 63.3% predict Taiwan’s economy to improve or even significantly improve in 2021, which constitutes an increase of 37.5 percentage points from last year’s prediction (25.8%). About one-third (32.7%) does not expect any changes, while only a minor portion of the companies (4.0%) expect the economy to worsen. Similar results were given when asked for the outlook over the next three years. A total of 65.4% expect the economy to improve, while only 5.0% assume it to worsen.

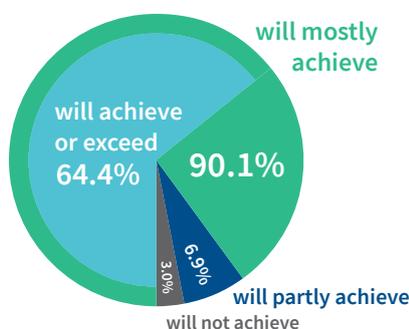
## Impacting Factors

When asking the companies about which factors could have the biggest impact on their industry in Taiwan, the trade dispute between the United States of America and China was named to be the most decisive factor (47%). Industry 4.0 / Smart Machinery (41%) was placed second, closely followed by digitalization (40%) and the energy transition (34%). Globalization (20%) and demographic change (18%) were seen as less influential factors.

## Prediction of Taiwan’s Economic Outlook 2016 - 2020



## Achievement of Business Targets



## Impacting Factors

- Trade dispute
- Industry 4.0 / Smart Machinery
- Digitalization

## Outlook on Business Targets

The increased optimism among the companies is also reflected in the expectation about achieving their business targets in 2021. A new record high of 90.1% stated to expect to achieve their targets mostly at least, while 64.4% even assume to fully achieve or even exceed them. Compared to the predictions of 2019, this is an increase of 30.8 percentage points. Likewise, the number of companies that estimate only to partly achieve their business targets dropped by 13.9 percentage points to 6.9%. Those companies that believe to miss their targets virtually remained the same with only 3.0%.

## Financial Key Indicators

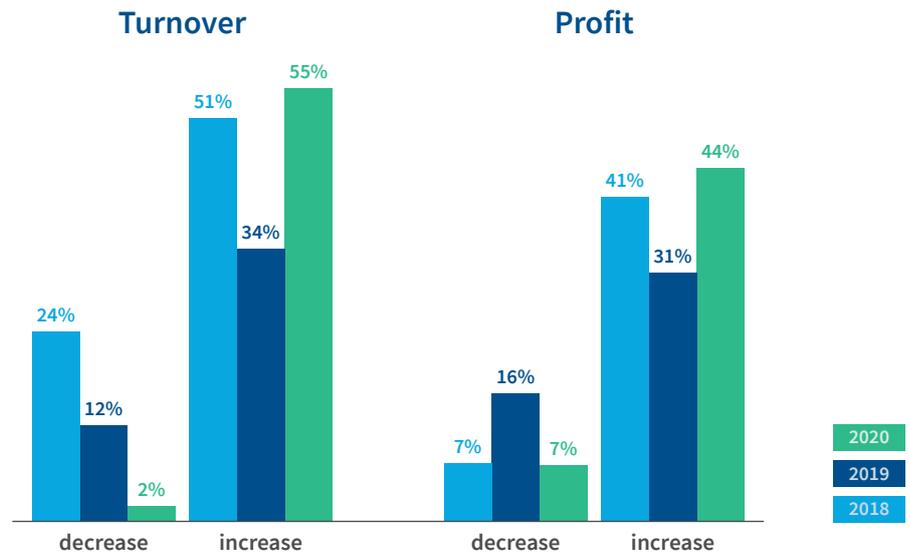
The same trend can be identified for some key indicators. The survey shows that many of the predictions are more optimistic and closer to the results of 2018 than to those of 2019. This year, over half of the companies (54.5%) estimate an increase or even substantial increase of their turnover. Two years ago, it reached 50.7%, while last year it dropped to only 34.3%. Likewise, 44.4% assume their profit to increase (31.3% in 2019). Expectations for a decrease in turnover and profit also showed a new three-year low, only 2.0% expect their turnover to decrease (12.1% in 2019 and 23.9% in 2018), while 7.1% estimate their profit to decrease (16.1% in 2019 and 7.3% in 2018). Employment is expected to increase by 39.0% of the companies, whereas only 3.0% assume it to decrease. Investment for 2021 is predicted to remain the same or unchanged by over two-thirds (72.0%) of the companies.

The key indicator that German companies are most optimistic about is growth. 59.5% are optimistic or even highly optimistic that their company will grow within the next two years. 37.6% estimate that there will not be any changes. Aside from that, approximately half of the companies are optimistic about their profitability (47.6%), productivity (47.0%) and competition (46.6%) within the next two years. In all of these sectors, around 50% expects these indicators to remain similar or unchanged, while only a small number between 1% to 4% is pessimistic about their business outlook.

## Global Strategy

When asked whether the importance of Taiwan within the company's overall global strategy will increase in the medium term, almost half of the companies (47.5%) answered this question in the affirmative. Around one-fourth was either unsure (26.7%) or denied this assumption (25.8%).

## Turnover and Profit Expectations 2018 - 2020



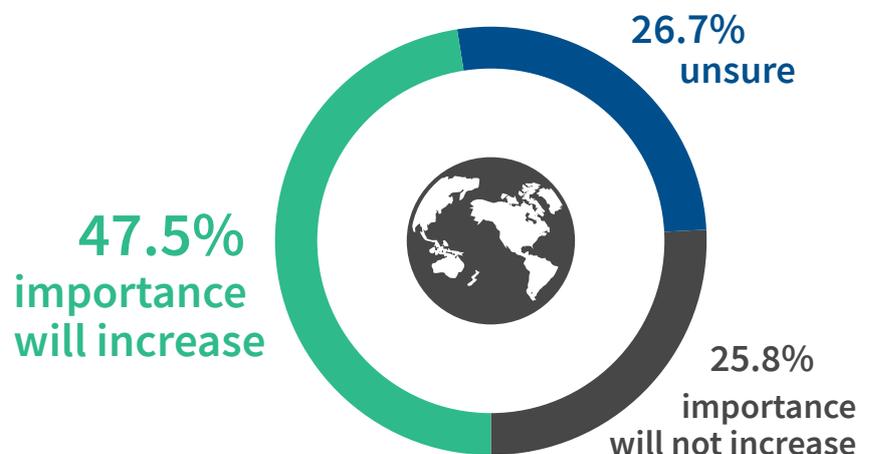
**59.5%**



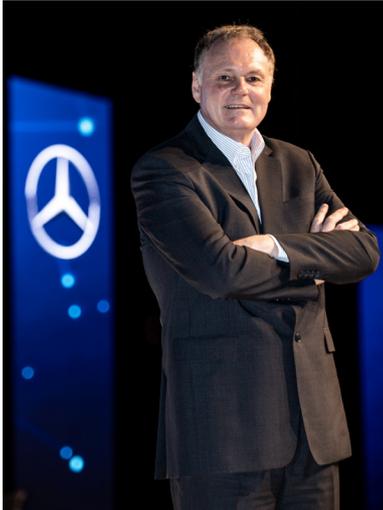
*of the German companies are optimistic that their company will grow within the next two years*

- *about half of the companies are optimistic about their profitability, productivity and competition within the next two years*
- *only a small number between one to four percent is pessimistic about their business outlook*

## Future Importance Within Global Strategy



# VI. Outlook



” *The development of technologies in battery capacity, autonomous driving, and 5G connectivity, as well as environmental consciousness, jointly contribute to the growing adoption of electric vehicles around the world, including Taiwan, where consumers show strong preference for premium options with advanced technological features.*

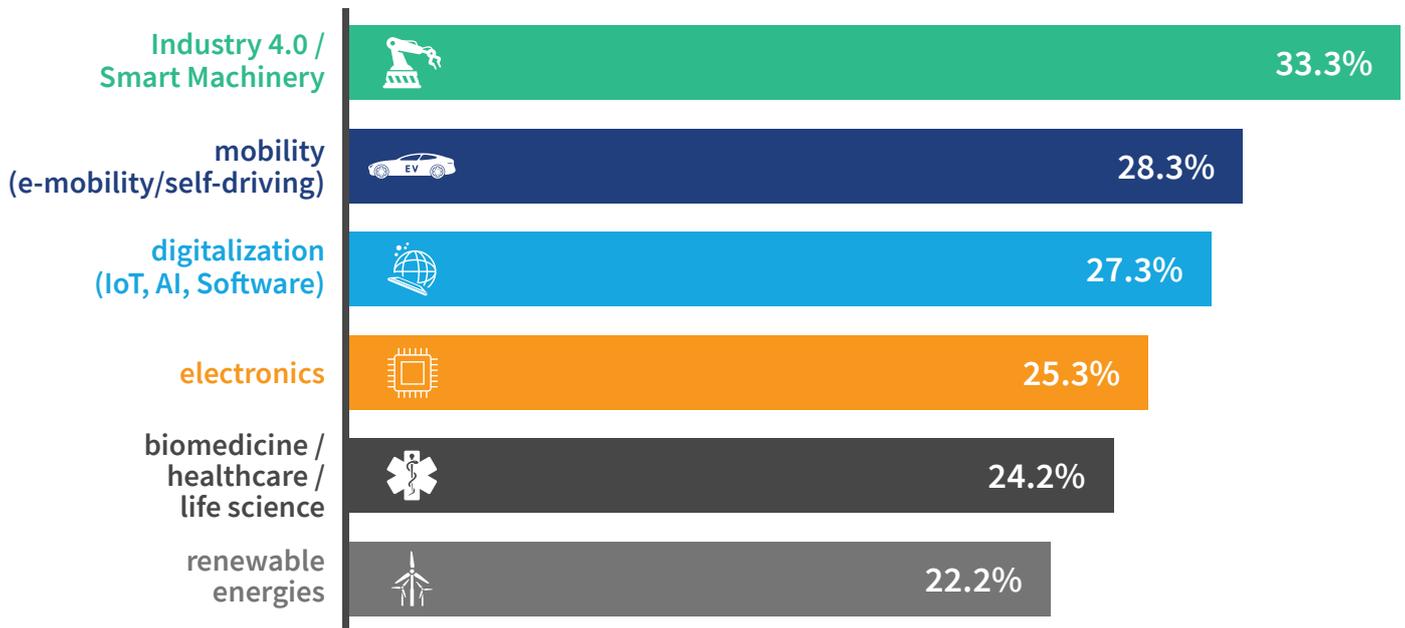
**Michael Grewe**

President & CEO, Mercedes-Benz Taiwan Ltd.

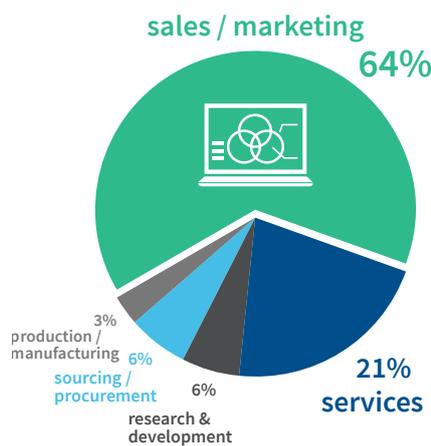
## Future Industry Sectors

According to this year’s survey results, Industry 4.0 / Smart Machinery (33.3%) was identified as having the biggest growth potential for German companies. The mobility sector with topics such as e-mobility and self-driving (28.3%) was placed second, followed by digitalization (IoT, AI, Software) with 27.3% and electronics with 25.3%. Other sectors with future growth potential included biomedicine, healthcare, and life science (24.2%) as well as renewable energies (22.2%).

## Future Industry Sectors



## Future Fields of Business



## Future Fields of Business

Sales, marketing and trade have gained significance once more. Already rated as the most important topic for the future development by around half of the companies (49.5%) in 2019, this value rose significantly in 2020. Almost two-thirds (64.0%) consider it to be the decisive future field of business, whereas services dropped by 8.3 percentage points to 21.0%. Research and development (6.0%), sourcing / procurement (6.0%) and production (3.0%) play only a minor role.

# Key Findings

**63%** *predict Taiwan's economy to improve or even significantly improve in 2021*

**93%** *did not dismiss any employee in 2020 despite the coronavirus pandemic*

**48%** *expect the importance of Taiwan within their company's global strategy to increase in the medium term*

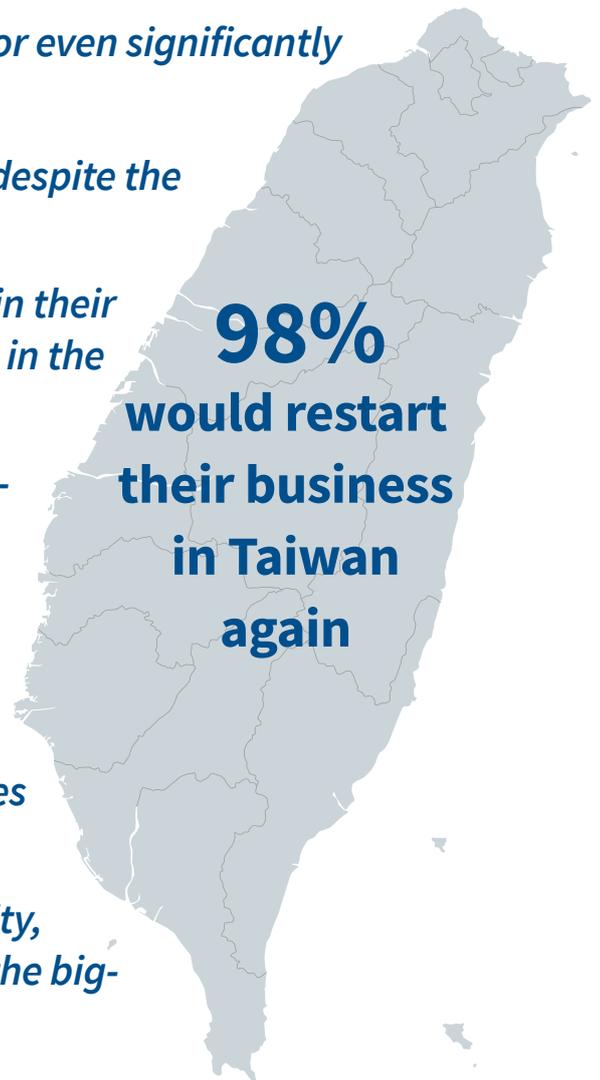
**82%** *stated that the branding "Made in Germany" is beneficial to their business operations*

**45%** *plan to invest within the next two years*

**54%** *stated that over 80% of their employees have obtained a university degree*



*Industry 4.0 / Smart Machinery, mobility, and digitalization are seen as having the biggest growth potential*



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## German Trade Office Taipei

The German Trade Office Taipei was established in 1981. Since then, we have acted as an intermediary between German and Taiwanese businesses and have promoted the exchange between both economies. We are a part of the global network of the German Chambers of Commerce Abroad (AHKs) at 140 locations in 92 countries around the world, which offer their experience, connections and services to German and foreign companies.

## DEinternational Taiwan Ltd.

Our service unit DEinternational Taiwan Ltd. specializes in supporting you to develop and expand your business activities in Taiwan or Germany. Ranging from market entry and expansion support, trade fairs, legal and investment as well as recruiting services, the broad variety of support we offer will certainly meet your requirements.

# GTO Business Alliance 2021

## 2021 德經處企業聯盟

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### Platinum Partners

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GROUP TAIWAN

### Gold Partners

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