



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

# Business Confidence Survey

## Presentation of Results for 2012

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*Executive Director*

# Business Confidence Survey

① Part 1 - Business Confidence in Taiwan

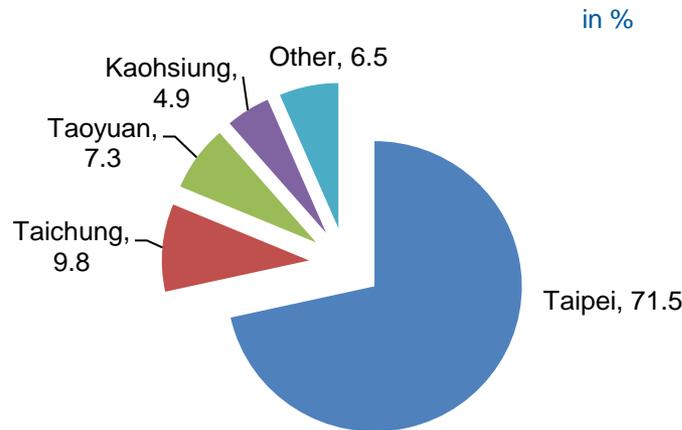
② Part 2 - Impact of Cross-Strait-Relations

## Survey Overview

- 123 responding companies of total 208 German companies contacted in Taiwan
- Response rate: 59.1%
- Time period: May 14<sup>th</sup> to June 8<sup>th</sup>, 2012
- Part 1 conducted in Taiwan, China, and Hong Kong  
Part 2 conducted only in Taiwan in cooperation with Germany Trade & Invest

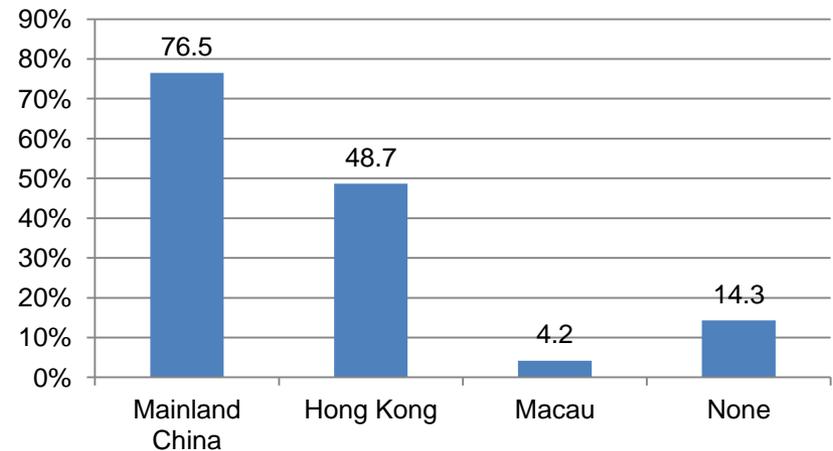
# Company Profiles

## Location of companies



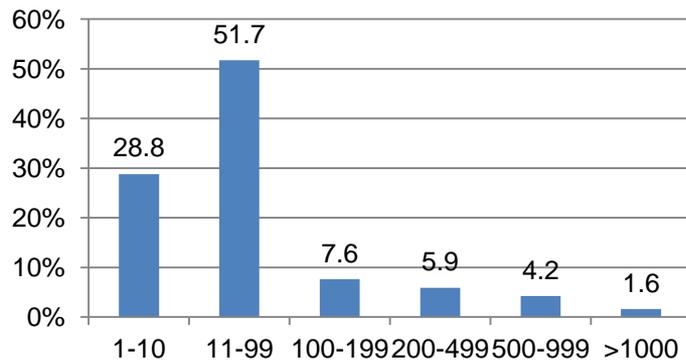
- Almost 3/4 are located in Taipei City or New Taipei City

## Other branches in Greater China



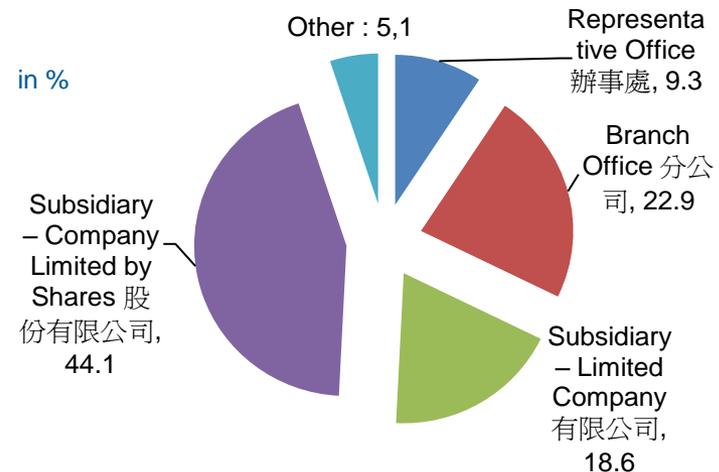
# Company Profiles

## Size of companies



- Almost 20% of German companies in Taiwan have more than 100 employees

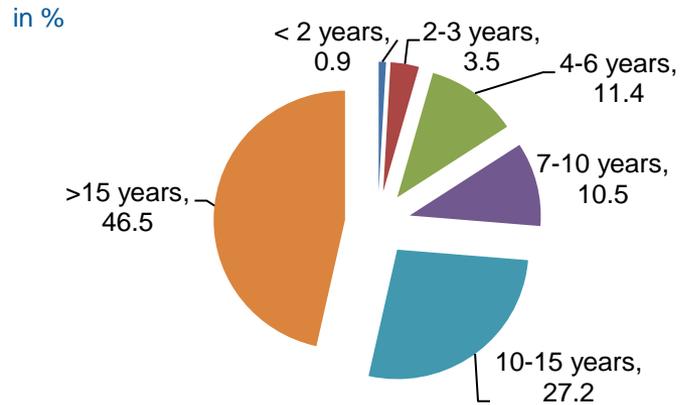
## Legal Form



- Legal form dominated by subsidiaries: 44.1% Ltd. by shares, 18.6% Ltd.
- Branch office second most common with 22.9%

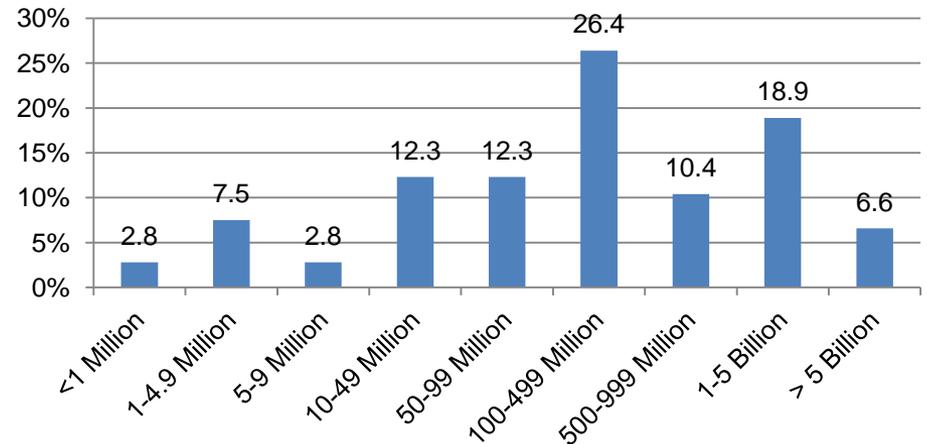
# Company Profiles

## Market presence



- Companies with extensive market experience: 46.5% have been in Taiwan for more than 15 years

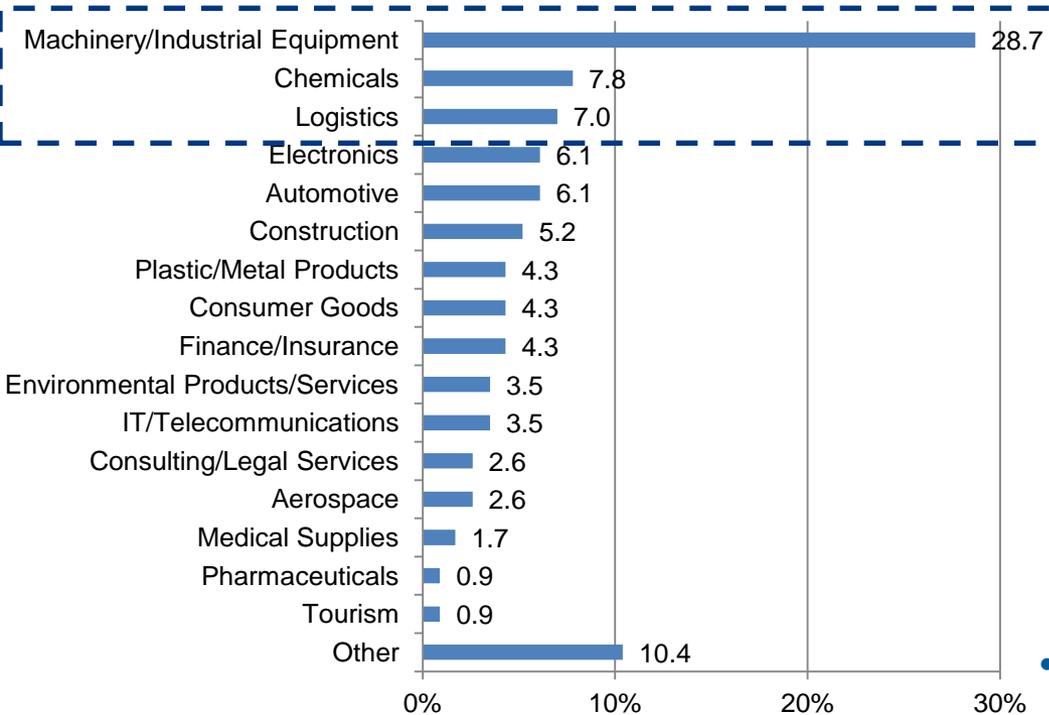
## Turnover of companies 2011



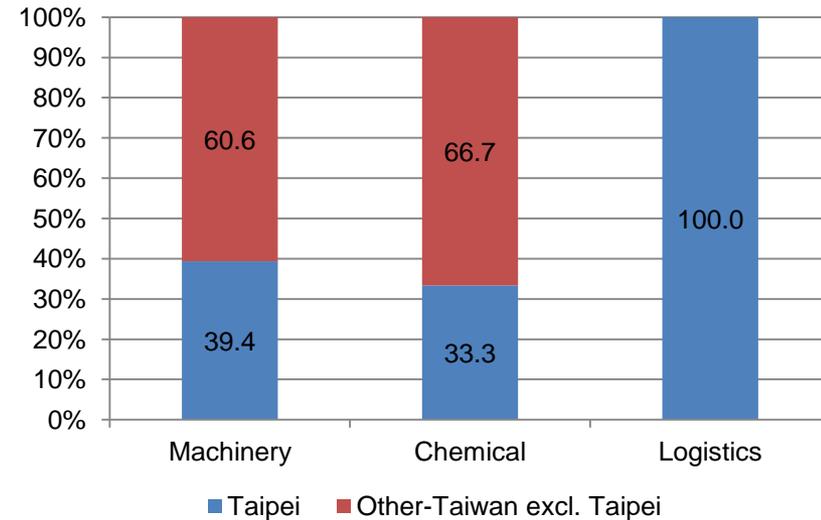
- 62% with turnover of more than 100 million TWD in 2011

# Business Profiles

## Industry of companies



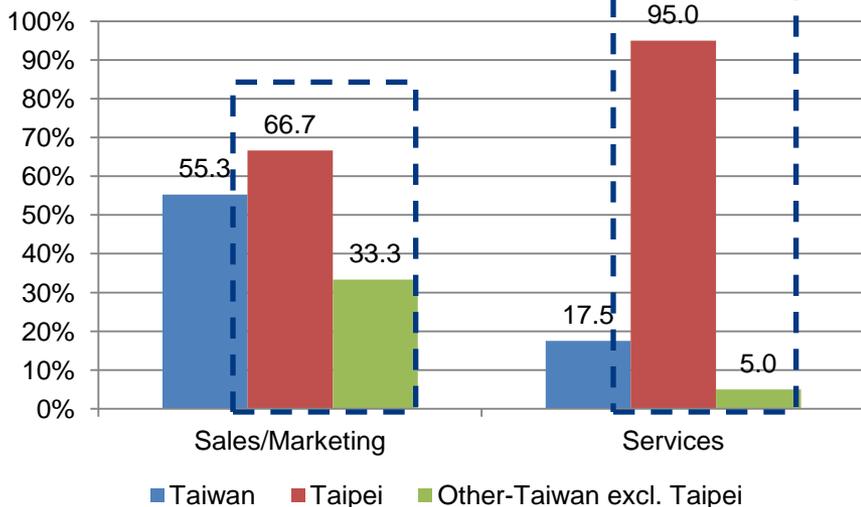
## Regional distribution of main industries



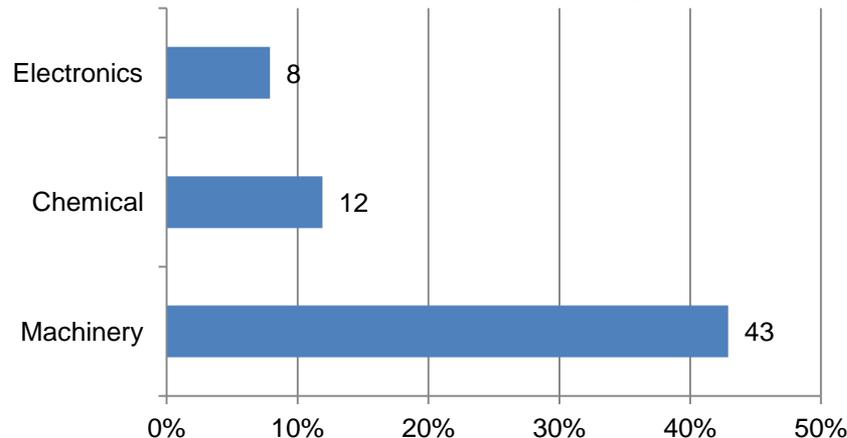
- Machinery/industrial equipment is the main industry

# Business Profiles

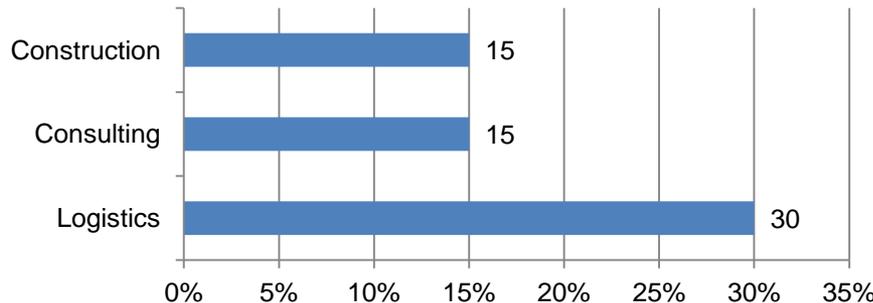
## Business purpose



## Main industries of sales companies



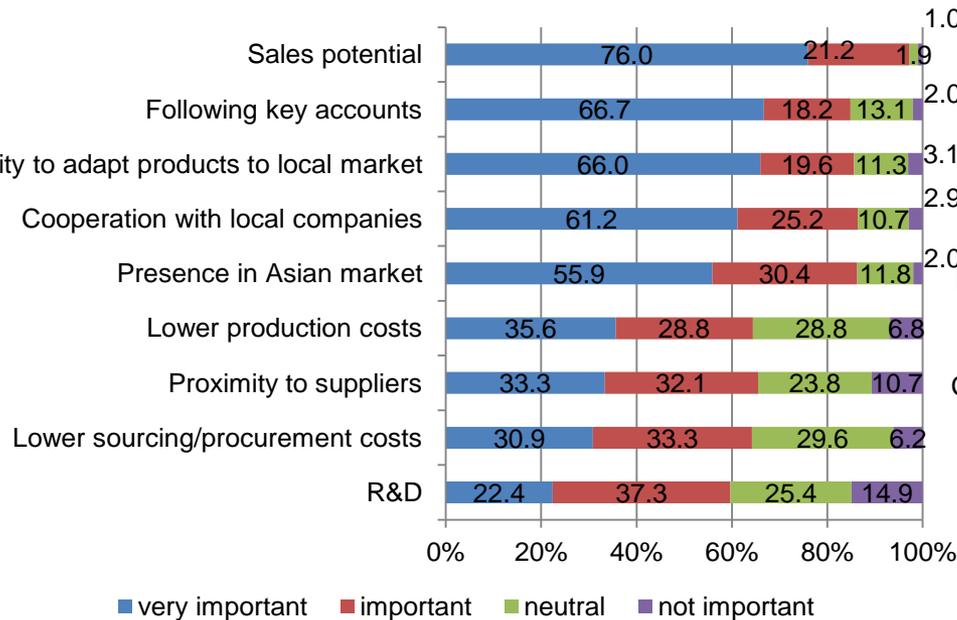
## Main industries of service companies



- Sales/marketing and services as main business purpose
- 8.8% of companies with production
  1. Automotive 30%
  2. Machinery/Industrial equipment 20%
  3. Chemical 20%

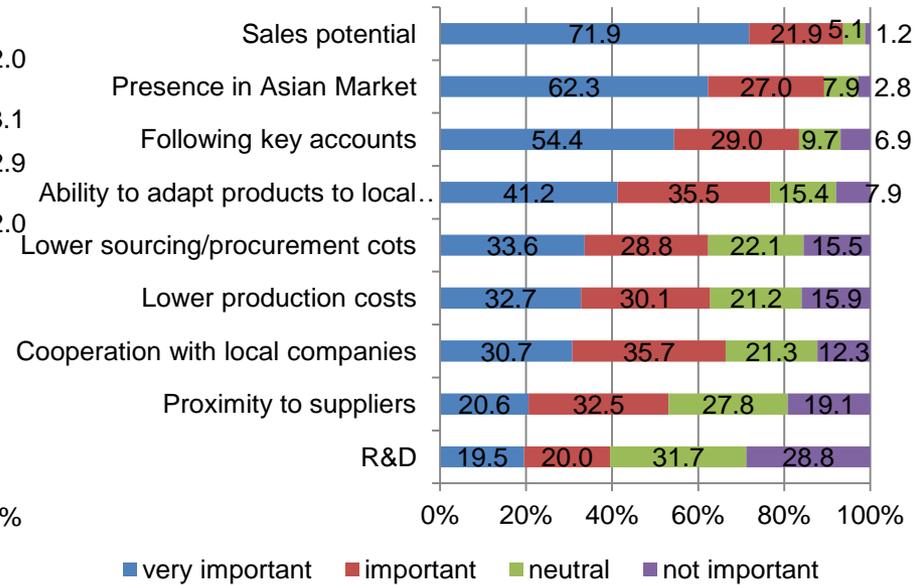
# Market Attractiveness

## Motives for market presence in Taiwan



- Sales is the most important motive
- Adaptation to local market and cooperation with local partners are important

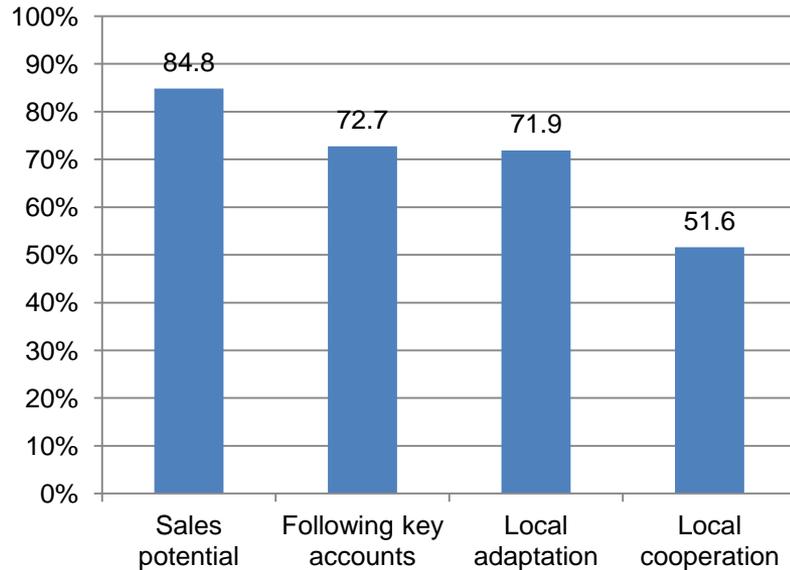
## Motives for market presence in Mainland China



- Sales potential remains the main driver
- China becomes more attractive as cornerstone for Asian markets

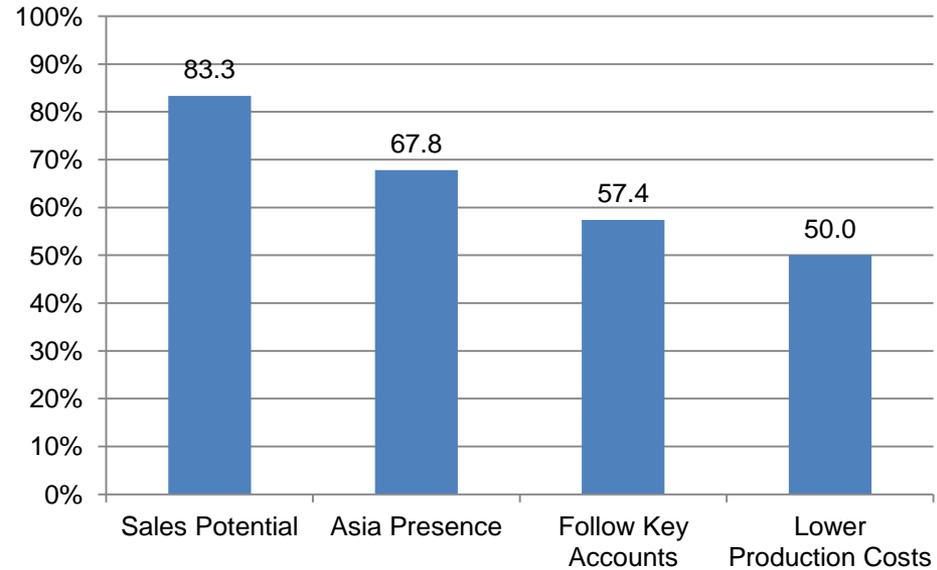
# Market Attractiveness

## Motives in the machinery sector Taiwan



- Importance of sales potential higher than average for machinery sector

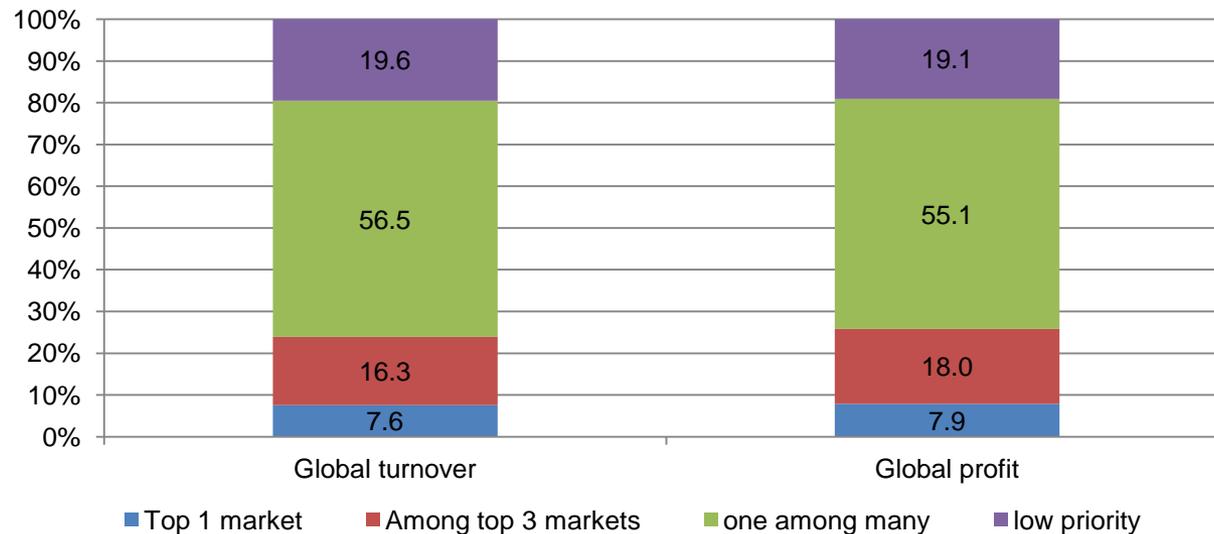
## Motives in the machinery sector Mainland China



- Machinery sees most sales potential

# Market Attractiveness

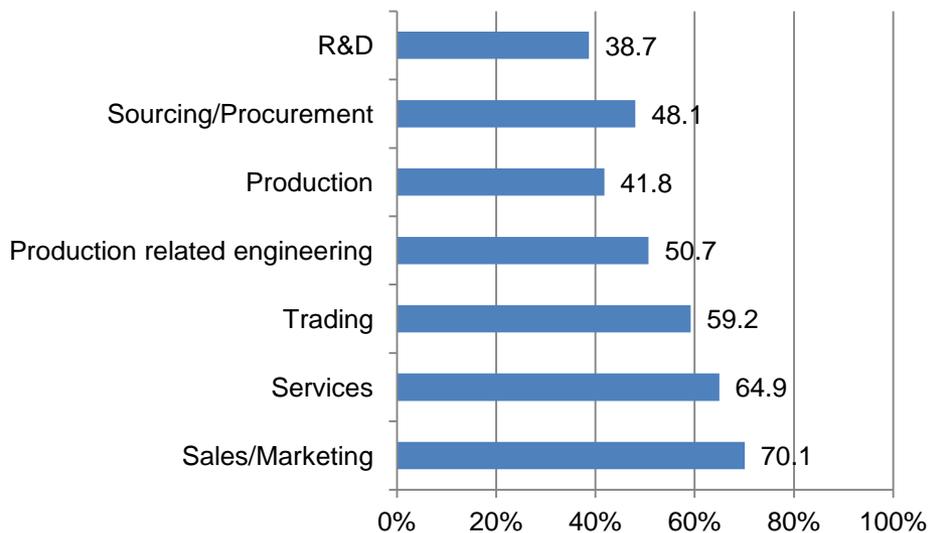
## Importance of business in Taiwan for parent company



- Taiwan is top market or among top 3 markets for about 25%

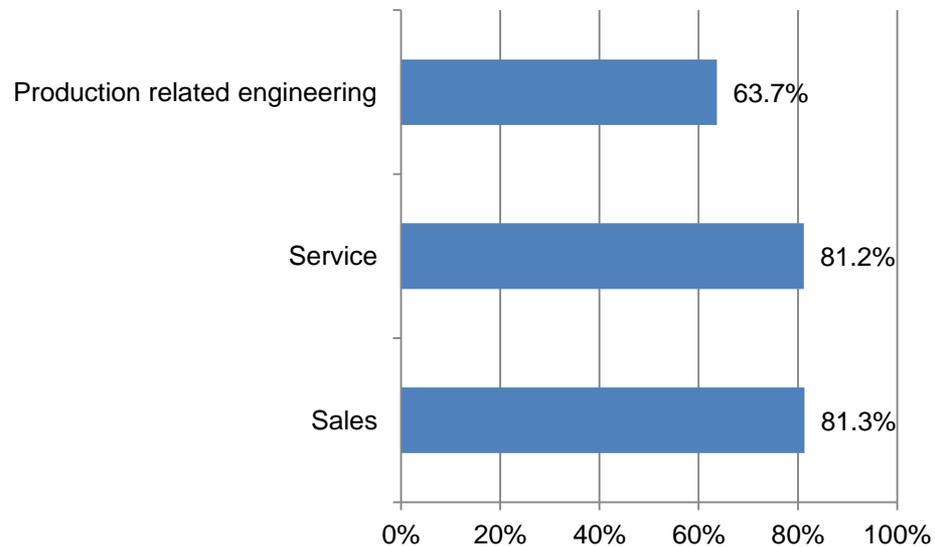
# Market Outlook

## Future attractiveness of Taiwan by business purpose



- Sales/marketing and services most attractive in the future

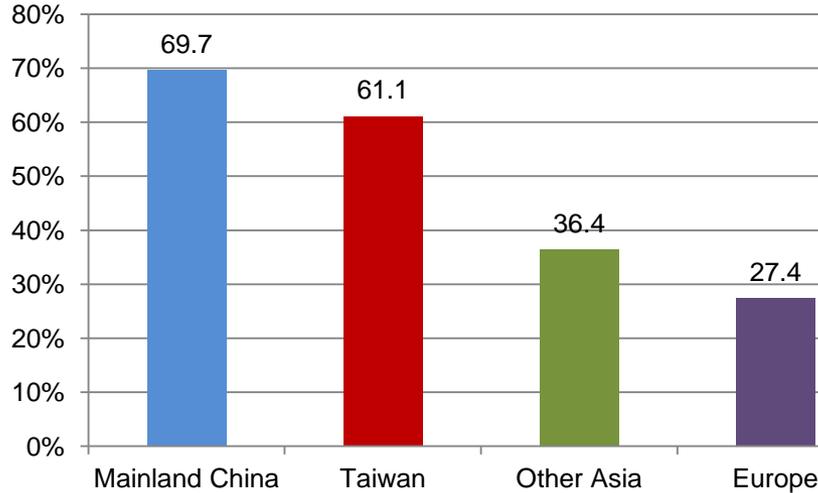
## Attractiveness for machinery sector



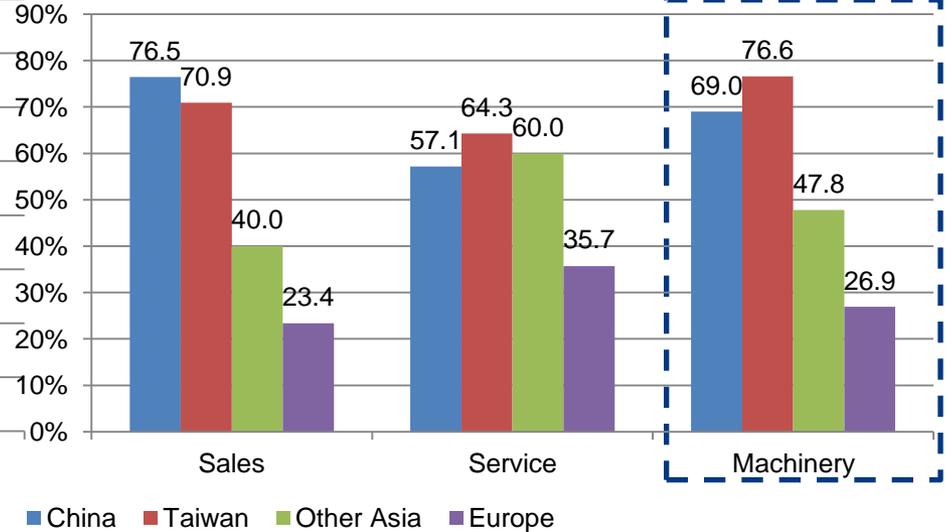
- Higher attractiveness for machinery sector in sales and services as well as production related engineering

# Market Outlook

## Increasing competition in Taiwanese market



## Comparison by business purpose

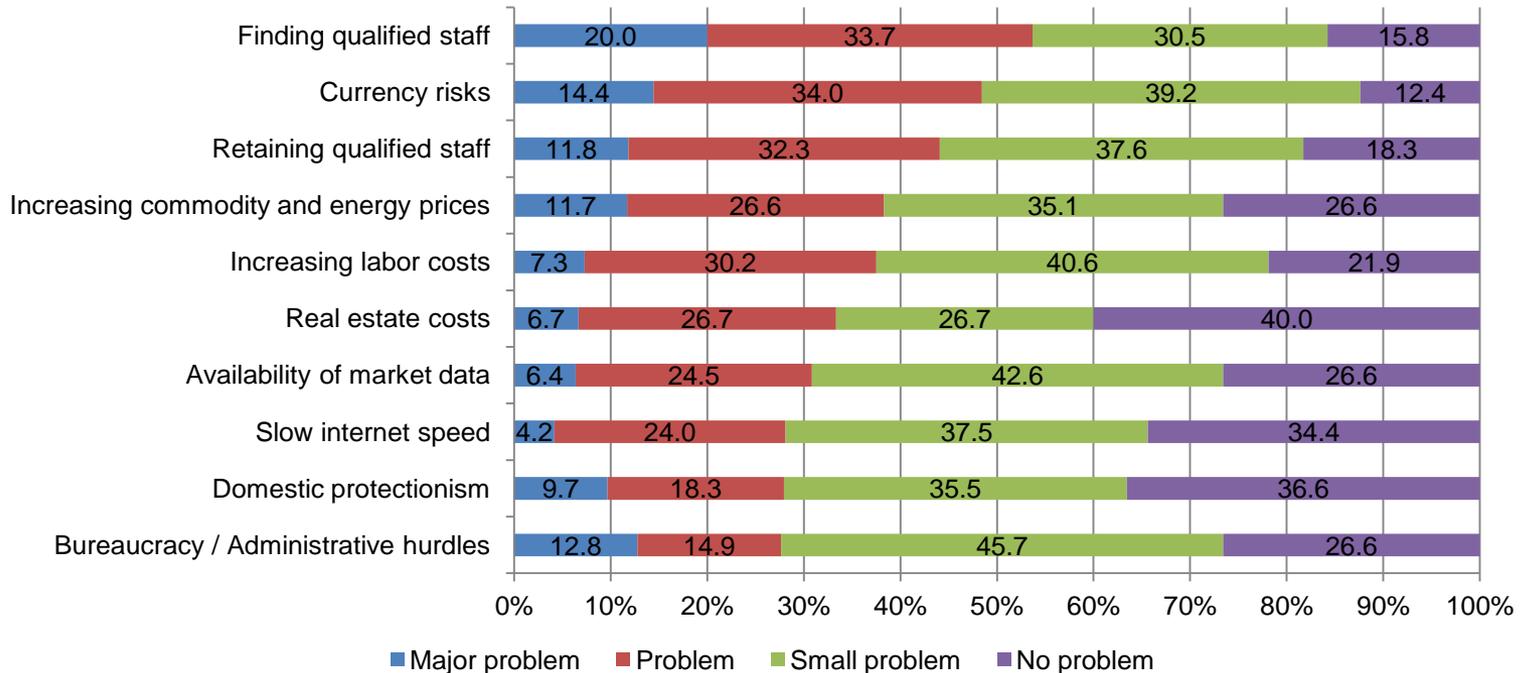


- Competition from Mainland companies increasing strongest

- Sales faces stronger competition from Mainland companies
- Machinery sector sees strongest increase from Taiwanese competitors

# Business Challenges 2012

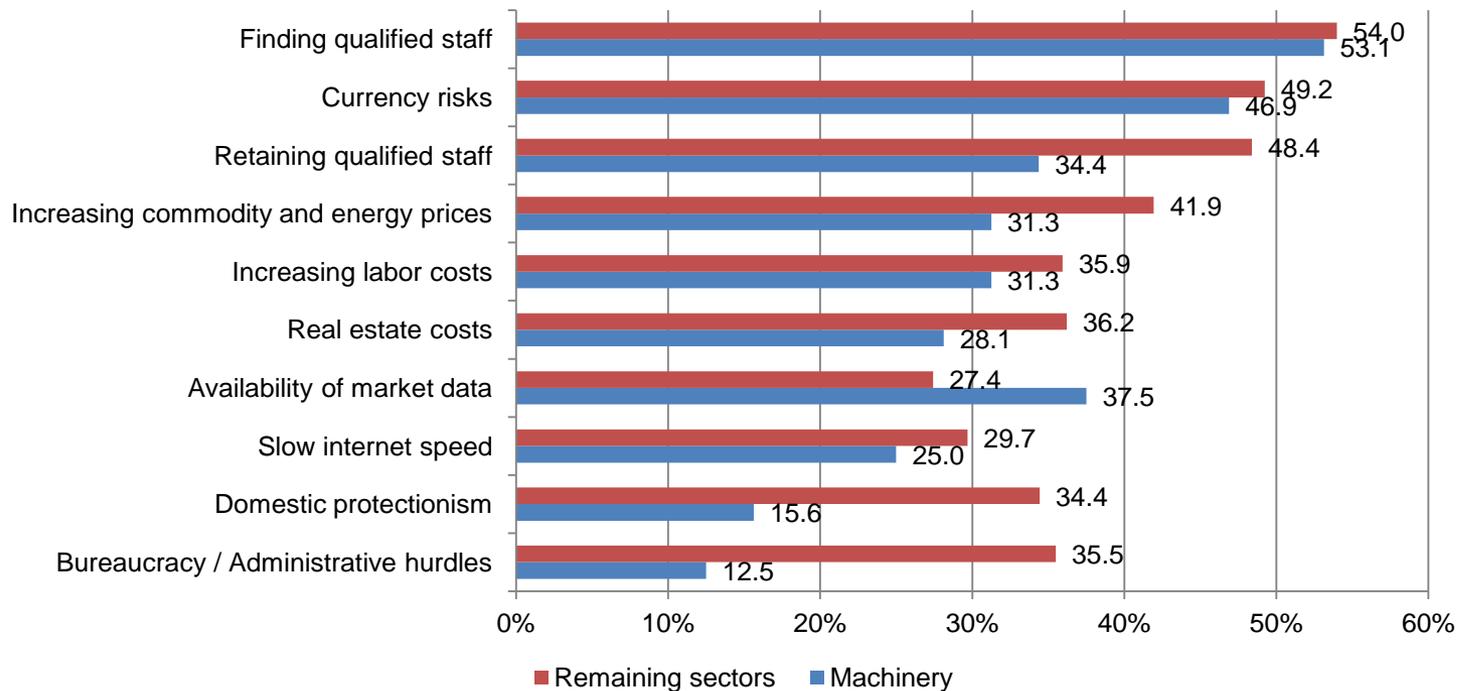
## Top 10 challenges in Taiwan



- HR issues and currency risks biggest challenges
- Only finding qualified staff a major problem or problem for over 50%

# Business Challenges 2012

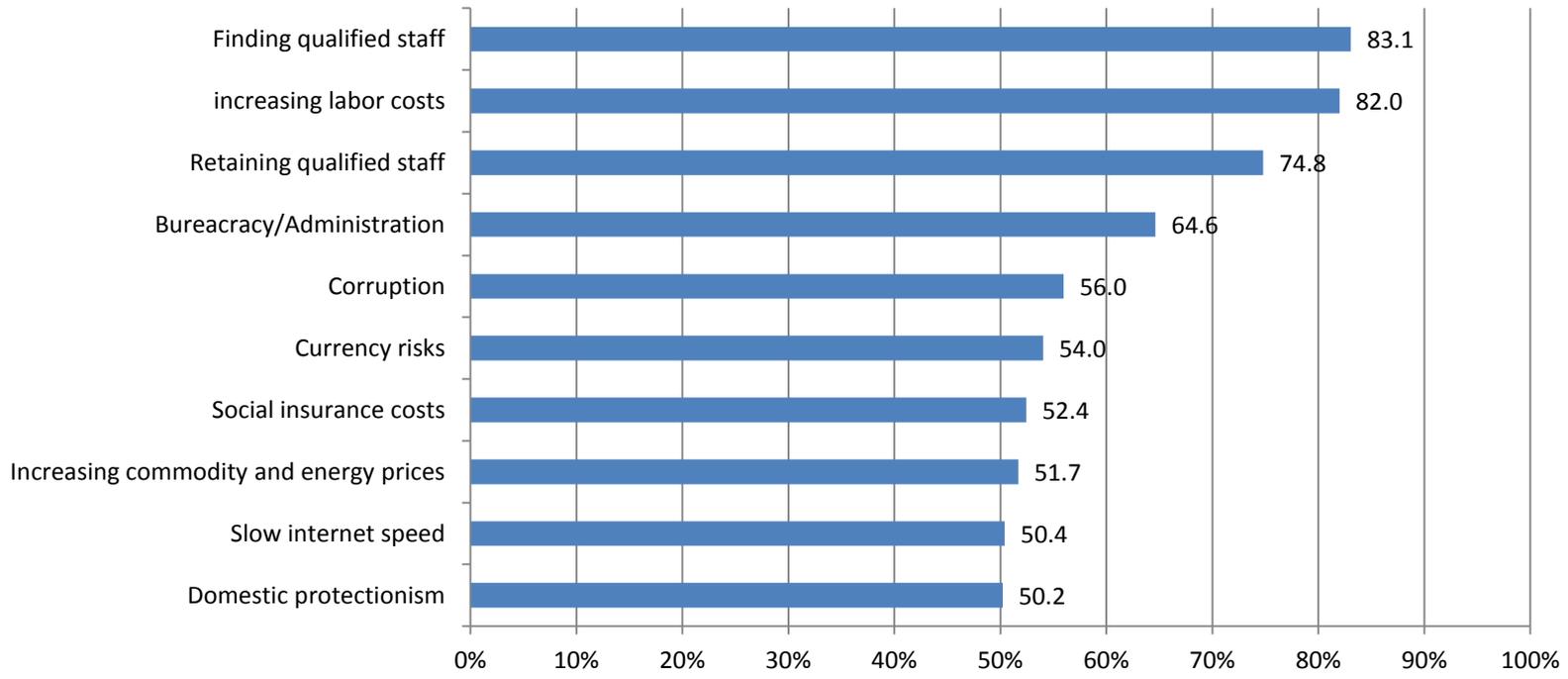
## Top challenges machinery sector



- Machinery sector sees generally fewer business challenges

# Business Challenges 2012

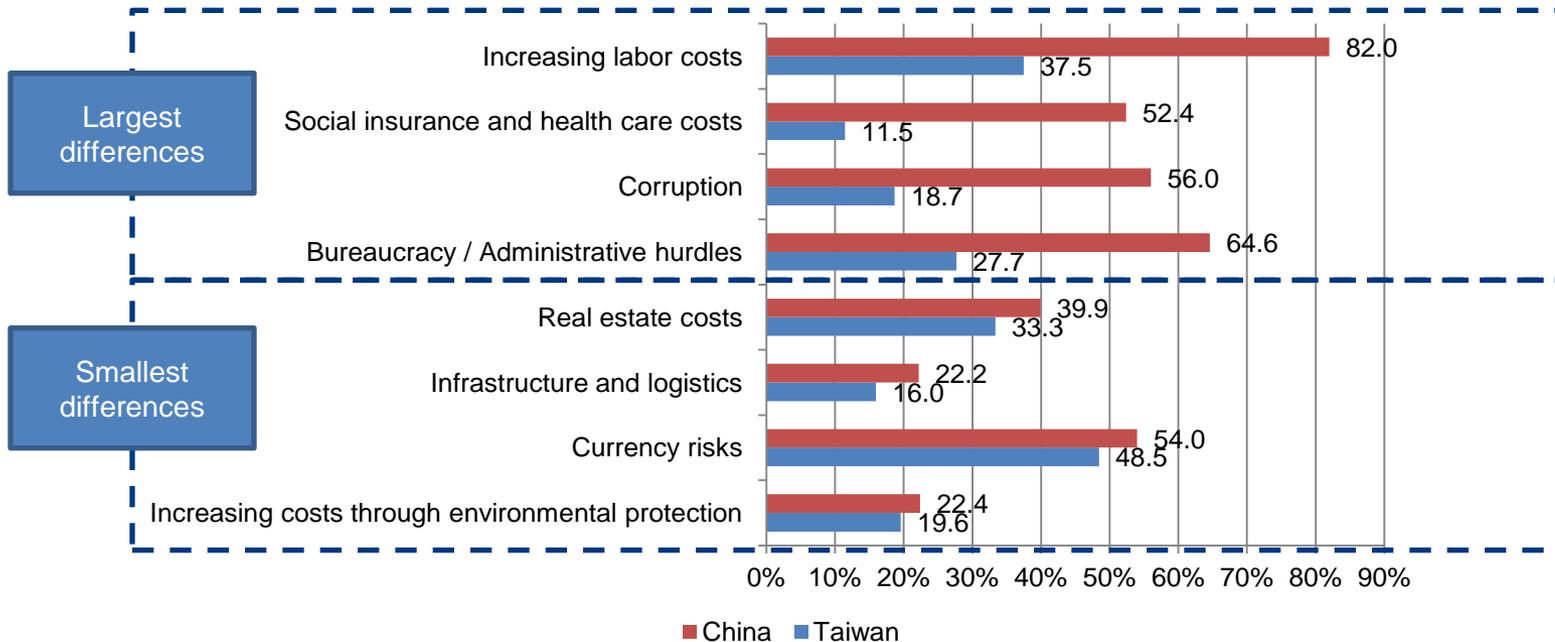
## Top 10 challenges in Mainland China



- Top 10 items constitute a major problem/problem for over 50%

# Business Challenges 2012

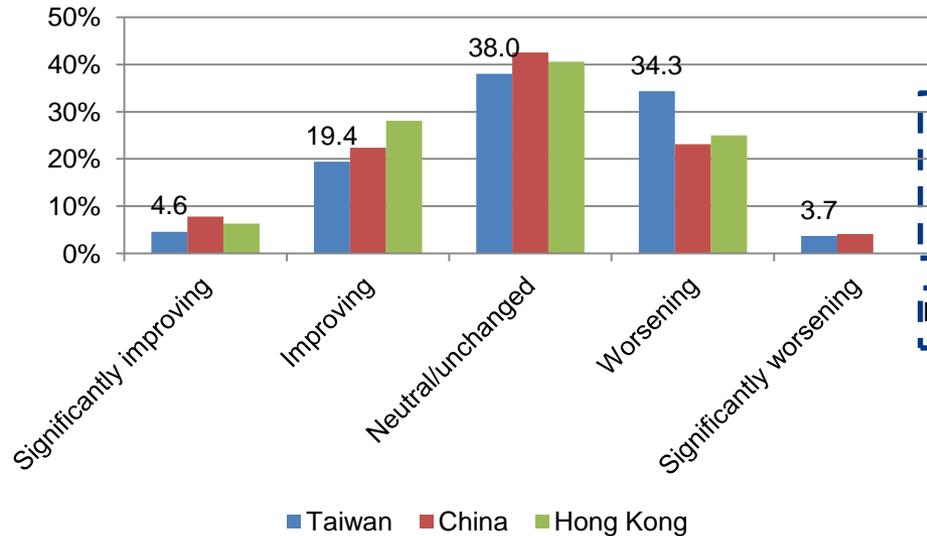
## Challenges in Taiwan compared with Mainland China



- German companies find better business environment in Taiwan in comparison with China

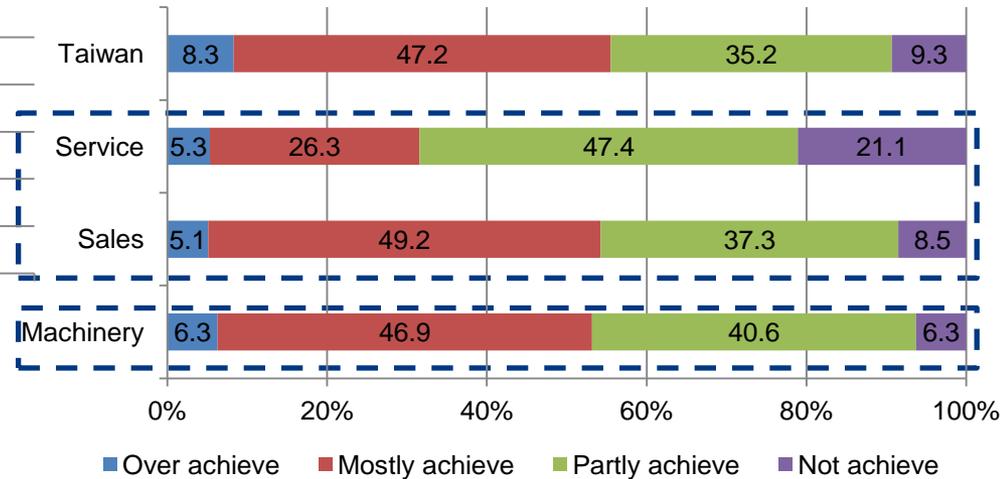
# Business Outlook 2012

## Economic conditions by region



- 24% see improvements
- More than 1/3 of companies see conditions worsening
- More pessimistic outlook compared to China and Hong Kong

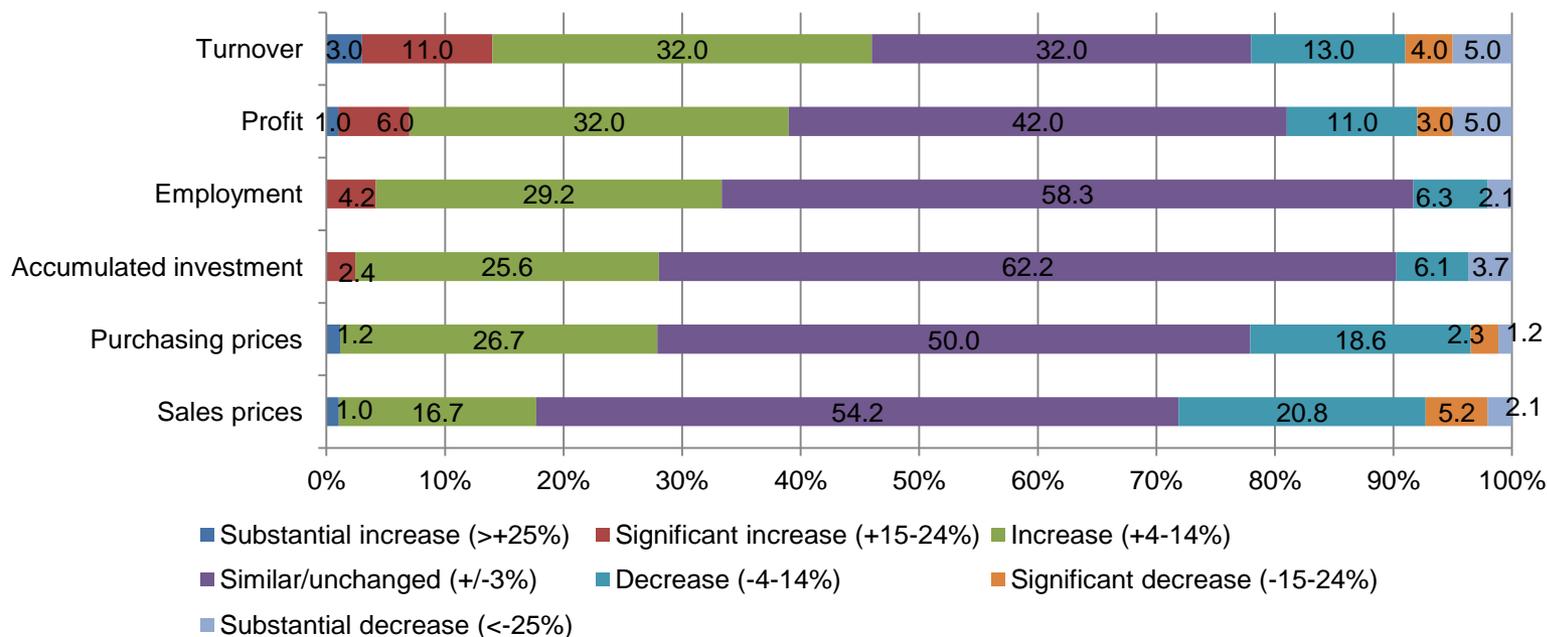
## Business targets 2012



- Over 50% will mostly reach their targets
- Service companies with biggest challenges

# Business Outlook 2012

## Expectations for 2012 in comparison to 2011

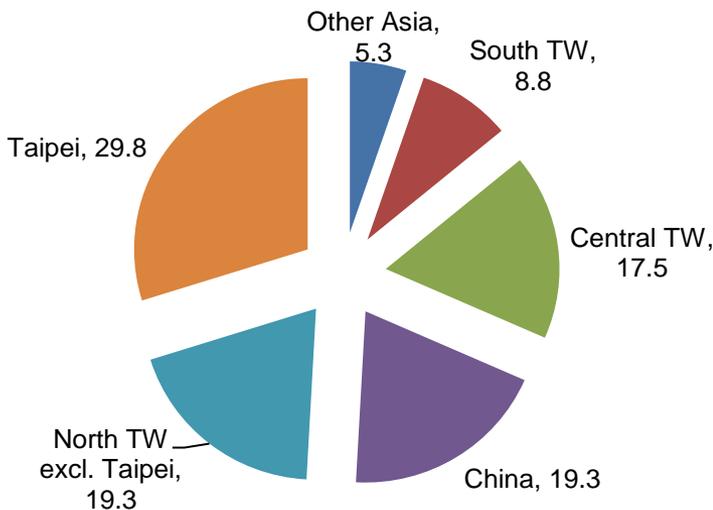


- Almost 50% expect increase in turnover, around 40% in profit
- 33% plan to expand employment
- 28% plan to increase investment

# Business Outlook 2012

## Attractiveness for future investments by region

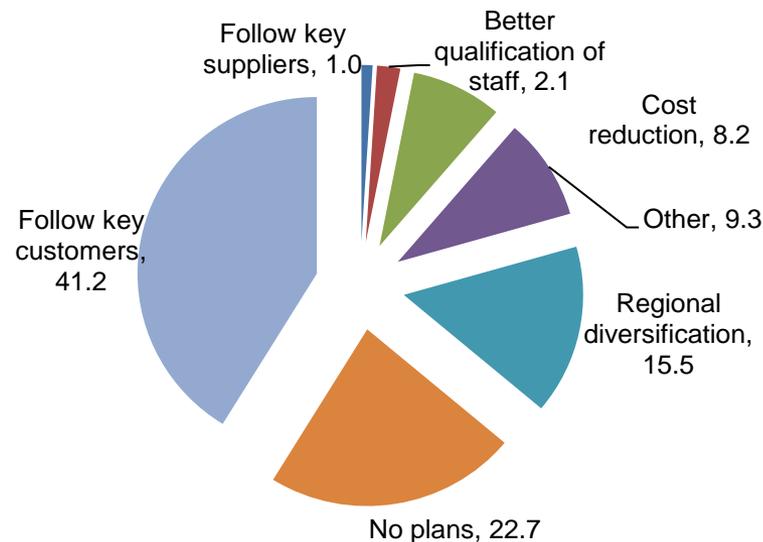
in %



- Taipei top choice investment location
- Taipei and Northern Taiwan preferred

## Investment motivation

in %



- Following key customers and regional diversification most important reasons for new investments

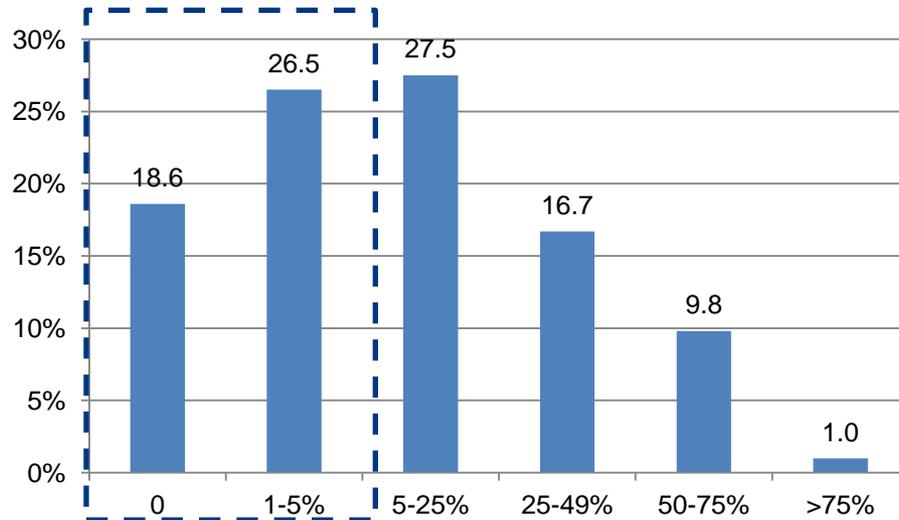
# Business Confidence Survey

① Part 1 - Business Confidence in Taiwan

② Part 2 - Impact of Cross-Strait-Relations

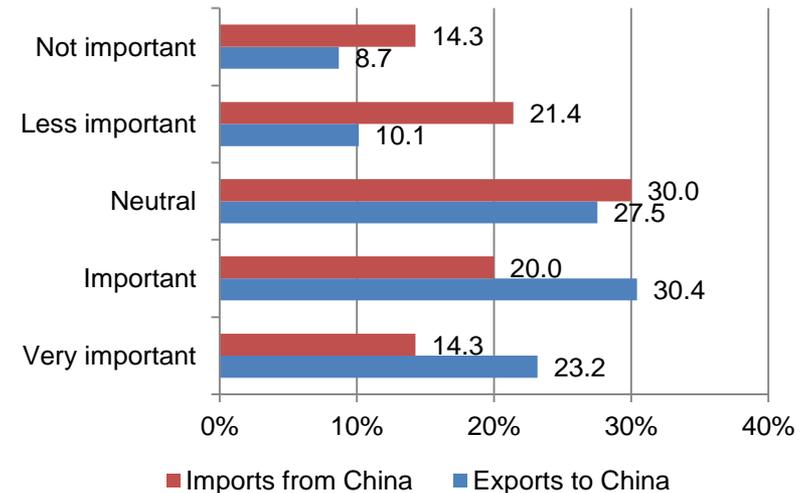
# Business Relations with China

## China's proportion of total business



- 45% of all companies do only small share of their business (<5%) with China
- But for over 10% of companies the share of business with China is >50%

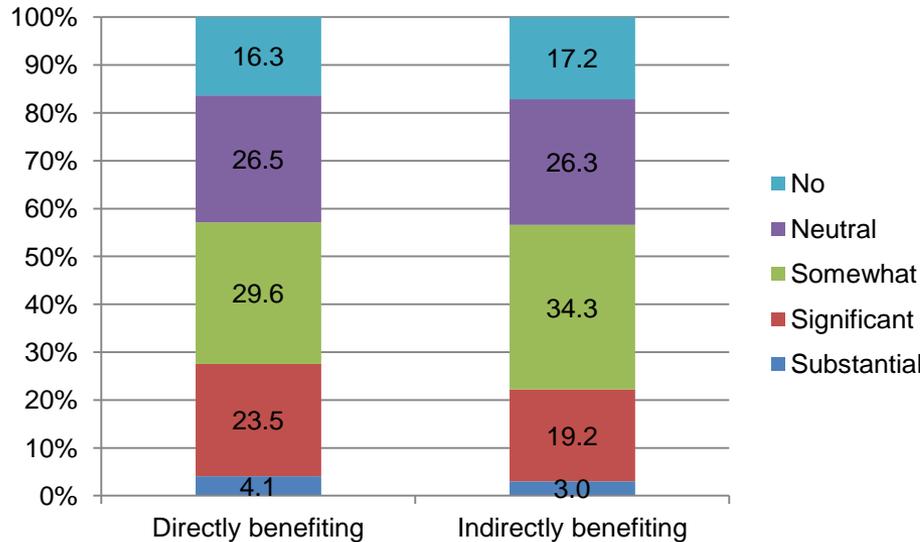
## Importance of trade



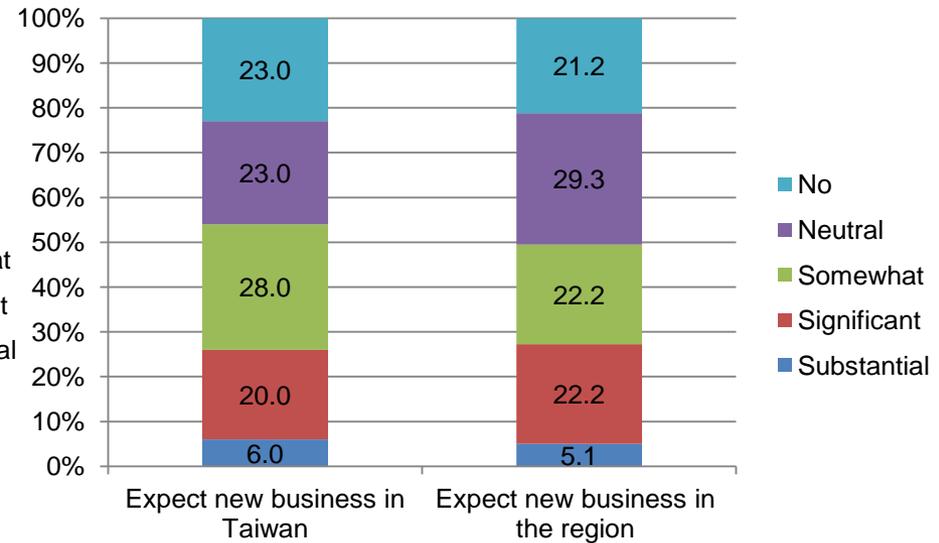
- For over 50% of all companies exports to China are important or very important
- Exports to China more important than imports

# Improving Cross-Straits Relations

## Direct and indirect impact on business



## Expected impact on new business by area

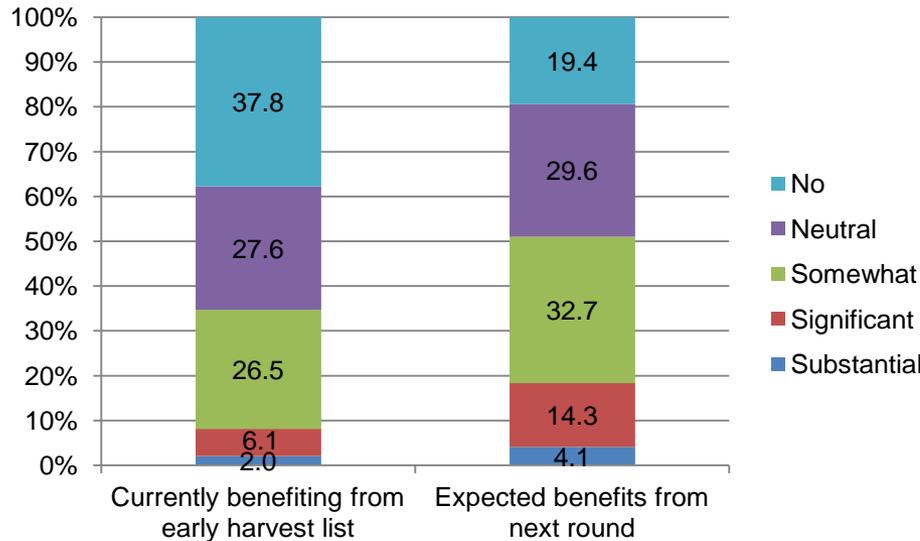


- Over 50% already benefiting from improved relations, directly and indirectly

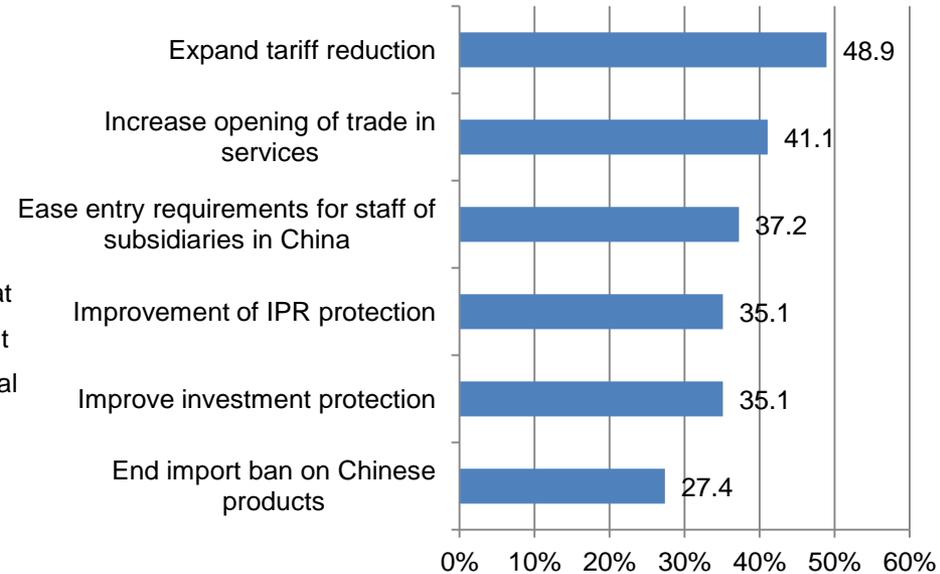
- Around 50% expect impact on new business in Taiwan or the region

# Improving Cross-Straits Relations

## Impact of import tax reduction



## Importance of future improvements

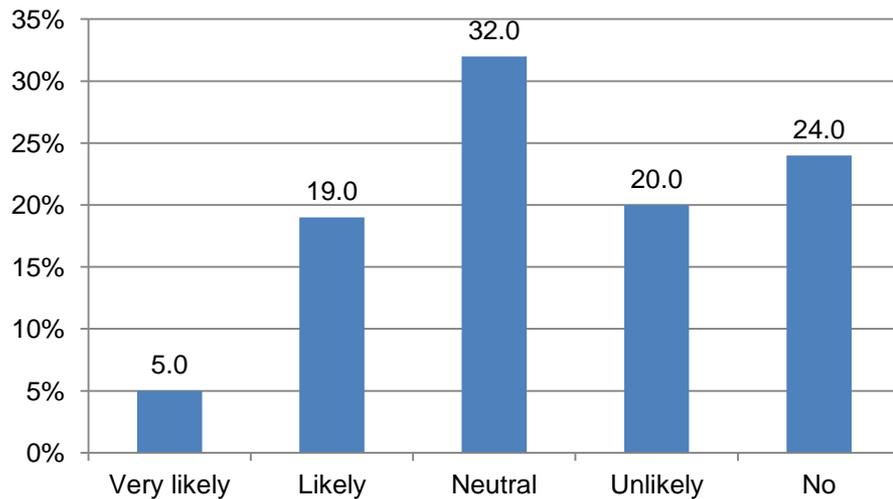


- Over 1/3 already benefiting from tariff reductions in Early Harvest List
- Over 50% expect to benefit from future reductions

- Tariff reduction most important issue for the future for almost half of the companies

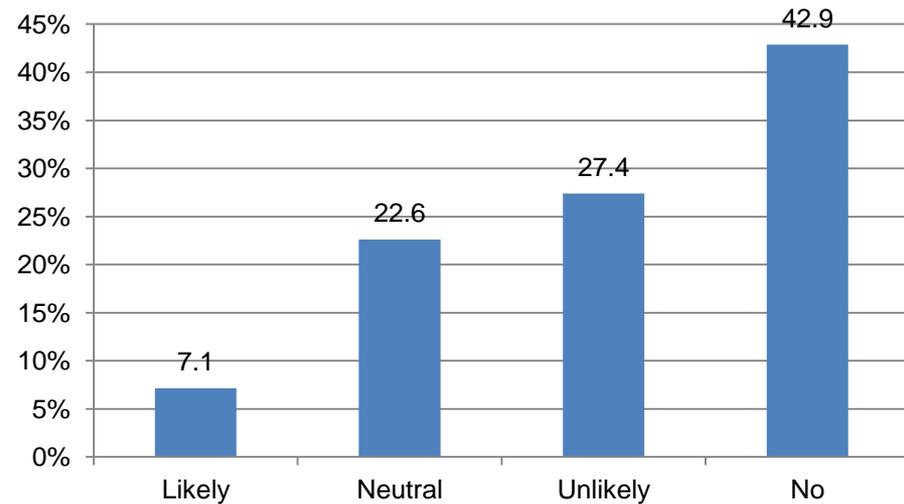
# Greater China Strategy

## Expected strategy changes



- 3/4 do not expect corporate Greater China strategy adjustments by HQ
- 1/4 expect changes due to improved cross-straits relations

## Taiwan as Greater China or Asia HQ\*

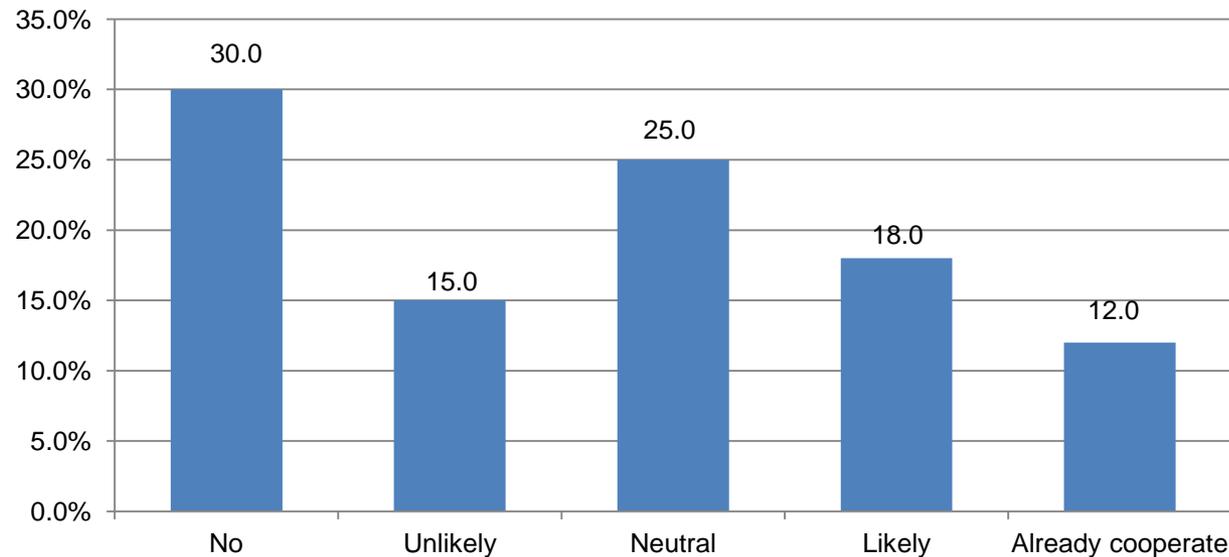


\*Based on companies which currently do not have their HQ in Taiwan

- 7% consider to establish a regional HQ in Taiwan
- 18.5% of companies already have their Greater China or Asia HQ in Taiwan

# Greater China Strategy

## Cooperation with local companies for entering the Chinese market



- Largest share of companies will not consider a cooperation
- Slightly more companies find a cooperation likely than unlikely

# Thank you very much for your attention.

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