AmCham's online 2021 Business Climate Survey was conducted between November 12 and December 31, 2020. Of the 409 eligible respondents among the voting representatives of the Chamber's member companies (usually the country head), 200 took the survey for an impressive response rate of about 49%.
2020 was the most challenging year the world economy had faced in many decades, but Taiwan showed its resilience and fortitude. As a result of the exemplary performance of the Taiwan government and health authorities in controlling the COVID-19 pandemic, Taiwan’s economy was one of the few in the world to see GDP growth. Taiwan’s stature in the world increased, and its relationship with the U.S. drew closer than at any time since formal diplomatic ties ended.

As AmCham Taiwan’s 2021 Business Climate Survey confirms, the Chamber’s business leaders seem more optimistic than ever before about Taiwan’s economic prospects in the year ahead and beyond. An impressive 85.7% of respondents expressed confidence in Taiwan’s economic outlook for the coming year. Over the past three years in which the same question was asked, the previous high was last year’s 59.9%. Even more significant was that 27.6% of the survey-takers this year said they were very confident about the next 12 months.

Similar confidence was expressed about Taiwan’s future economic performance over a three-year time span, and about respondents’ own companies’ prospects for revenue growth. Just over 40% of the companies say they plan to increase employment during 2021.

Here are some of the other major findings of the survey:

• Nearly 40% say that the U.S.-China trade dispute has caused at least a small shift in their supply chains. Most see the dispute as having had an overall positive impact for Taiwan.
• Respondents see Taiwan’s exclusion from multilateral/bilateral trade agreements as the most pressing concern for their company’s operations and Taiwan’s competitive positioning – more so than cybersecurity threats and IP infringement. 65% regard a U.S.-Taiwan bilateral trade agreement as important for their business, and 53% say the same for a double taxation agreement.
• There was unanimous agreement that Taiwan has done an outstanding job in controlling the spread of COVID-19.
• A majority of companies see power supply sufficiency and progress toward green energy as the biggest concerns regarding Taiwan’s future energy supply.
• The vast majority of respondents (76.7%) view the Bilingual Nation 2030 project as beneficial to Taiwan’s economic development.
• The top five priorities for the Tsai Ing-wen administration should be COVID-19 control, a bilateral trade agreement with the U.S., cross-Strait relations, energy supply, and talent development/retention.

The annual survey helps the Chamber shape its advocacy agenda for the coming year and serves as a useful reference for the Taiwan and U.S. governments, scholars, and others interested in U.S.-Taiwan economic relations.
Unprecedented optimism about economic prospects for the coming year

A high 85.71% of those surveyed expressed confidence about 2021, including 27.55% saying they are “very confident.”

How confident are you about Taiwan’s economic growth over the next 12 months?

<table>
<thead>
<tr>
<th>Confidence Level</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very confident</td>
<td>27.55%</td>
<td>12.18%</td>
</tr>
<tr>
<td>Somewhat confident</td>
<td>58.16%</td>
<td>47.72%</td>
</tr>
<tr>
<td>Not very confident</td>
<td>11.22%</td>
<td>32.49%</td>
</tr>
<tr>
<td>Not confident at all</td>
<td>1.02%</td>
<td>7.61%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>2.04%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Over the past four years in which this question was asked, the previous high for the overall confidence level was only 59.9%. “Taiwan’s ability to contain the spread of COVID-19 in 2020 will benefit firms’ ability to boost their sales,” said one survey-taker. As vaccines enable economies in other countries to rebound in 2021, said another respondent, the domestic economy will be “fueled by a surge in global demand for Taiwanese products.”

Expectations are also positive over a three-year timespan

The degree of confidence continues to be strong beyond this year.

How confident are you about Taiwan’s economic growth over the next 3 years?

<table>
<thead>
<tr>
<th>Confidence Level</th>
<th>2020</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very confident</td>
<td>58.67%</td>
<td>55.33%</td>
</tr>
<tr>
<td>Somewhat confident</td>
<td>19.39%</td>
<td>15.23%</td>
</tr>
<tr>
<td>Not very confident</td>
<td>17.35%</td>
<td>24.37%</td>
</tr>
<tr>
<td>Not confident at all</td>
<td>2.55%</td>
<td>4.57%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>2.04%</td>
<td>0.51%</td>
</tr>
</tbody>
</table>

The three-year outlook also represented a record high level of confidence, at 78.06%. “The positive outlook for Taiwan’s 3-year economic growth is due to the decent control of COVID-19 and the healthy industrial environment,” commented one business leader taking the survey.
Companies are also optimistic about their own businesses

*Healthy earnings are expected both this year and over the coming three years.*

How confident are you about your company’s prospects for revenue growth over the next 12 months?

![Graph showing confidence levels for 2021 and 2020]

2021
- Very confident: 32.14%
- Somewhat confident: 49.49%
- Not very confident: 13.78%
- Not confident at all: 2.55%
- Don’t know: 2.04%

2020
- Very confident: 24.37%
- Somewhat confident: 53.30%
- Not very confident: 17.26%
- Not confident at all: 4.57%
- Don’t know: 0.51%

**Nearly 82%**

 Asked to assess the prospects for their own business operations in 2021, 81.63% of the respondents described themselves as confident of a good year. Almost a third – 32.14% – said they were very confident. “The company will ride on Taiwan’s positive economic outlook in the future,” said a survey-taker.

How confident are you about your company’s prospects for revenue growth over the next 3 years?

![Graph showing confidence levels for 2021 and 2020]

2021
- Very confident: 30.81%
- Somewhat confident: 53.06%
- Not very confident: 13.78%
- Not confident at all: 1.02%
- Don’t know: 1.53%

2020
- Very confident: 30.46%
- Somewhat confident: 51.27%
- Not very confident: 14.21%
- Not confident at all: 3.05%
- Don’t know: 1.02%

**Nearly 84%**

An even higher proportion of respondents – 83.67% – reported that they were either very or somewhat confident about the outlook for their own business over the coming three years. “The government’s infrastructure and energy plans, plus the trade issues with the PRC resulting in greater supply chain investment in Taiwan, will help drive the economy over the next 3 years,” commented one of the respondents.
The respondents were unanimous in their praise for the government's efforts to control the pandemic and highly satisfied with the relief measures.

What should the government prioritize in post-COVID efforts to help stabilize Taiwan's economy in 2021?

Top responses:
- Travel bubbles or shorter quarantines for business travelers
- Financial assistance to affected industries
- Tax benefits or alleviation
- Flexible HR practices
- Access to COVID-19 testing

What effect do you think the COVID-19 outbreak will have on Taiwan's 2021 GDP?

Nearly one-third of respondents answered “very little or no effect.”

Another third expects lower growth by 0.5 to 1.1 percentage points.
COVID-19 has affected nearly all businesses to some degree

To what extent has the COVID-19 outbreak negatively impacted your business in Taiwan?

Respondents stressed the disruption of travel and event plans, reduction in demand for products and services, and the disruption to supply chains.

Many companies have benefited from remote working

Has remote working been an effective alternative for your company?

More than 43% of respondents say that remote working arrangements may be a permanent option for the way their company operates in the long-term.
To what extent did the U.S.-China trade dispute have an impact on your business in 2020?

- Some extent: 32.79%
- Large extent: 12.02%
- Small extent: 21.31%
- Not at all: 32.79%
- Don't know: 1.00%

Over 77% felt the business.

What do you consider the economic impact of the U.S.-China trade dispute to have been on Taiwan so far?

- Somewhat positive: 40.44%
- Very positive: 10.38%
- Not applicable: 1.64%
- Mixed on balance (neutral): 31.15%
- Somewhat negative: 19.67%
- Very negative: 4.92%

More than half see a positive impact on Taiwan.

Has your company redirected business from China to Taiwan since the start of the U.S.-China trade dispute?

- Yes: 12.02%
- No: 56.83%
- Don't know: 2.73%
- Not applicable: 28.42%

Many companies did not have business in China.

To what extent has the U.S.-China trade dispute caused a shift in your company’s supply chain?

- Nearly 39%
- Large extent: 5.46%
- Some extent: 13.66%
- Small extent: 19.67%
- Not at all: 31.15%
- Not applicable: 30.05%

Over one-third of respondents report a shift in their supply chain due to the U.S.-China trade dispute.
Strengthen Economic Relations with the U.S.

Respondents enthusiastically support bilateral agreements with the U.S.

How important is it for your business in Taiwan that the following agreements be signed between the U.S. and Taiwan?

**Bilateral trade agreement**

<table>
<thead>
<tr>
<th>Importance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very important</td>
<td>27.32%</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>37.70%</td>
</tr>
<tr>
<td>Not very important</td>
<td>18.58%</td>
</tr>
<tr>
<td>Not important</td>
<td>11.48%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>4.92%</td>
</tr>
</tbody>
</table>

**Double taxation agreement**

<table>
<thead>
<tr>
<th>Importance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very important</td>
<td>20.77%</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>32.24%</td>
</tr>
<tr>
<td>Not very important</td>
<td>20.22%</td>
</tr>
<tr>
<td>Not important</td>
<td>13.66%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>13.11%</td>
</tr>
</tbody>
</table>

To what extent do you regard the following as possibly impacting your company’s business operations and competitive positioning in Taiwan in the coming year?

**Cybersecurity threats**

<table>
<thead>
<tr>
<th>Extent</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large extent</td>
<td>12.02%</td>
</tr>
<tr>
<td>Some extent</td>
<td>30.05%</td>
</tr>
<tr>
<td>Small extent</td>
<td>34.43%</td>
</tr>
<tr>
<td>Not at all</td>
<td>18.58%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>4.92%</td>
</tr>
</tbody>
</table>

**Intellectual property rights infringements**

<table>
<thead>
<tr>
<th>Extent</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large extent</td>
<td>13.11%</td>
</tr>
<tr>
<td>Some extent</td>
<td>21.31%</td>
</tr>
<tr>
<td>Small extent</td>
<td>31.15%</td>
</tr>
<tr>
<td>Not at all</td>
<td>29.51%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>4.92%</td>
</tr>
</tbody>
</table>

**Taiwan’s exclusion from multilateral/bilateral trade pacts**

<table>
<thead>
<tr>
<th>Extent</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large extent</td>
<td>16.94%</td>
</tr>
<tr>
<td>Some extent</td>
<td>33.33%</td>
</tr>
<tr>
<td>Small extent</td>
<td>30.05%</td>
</tr>
<tr>
<td>Not at all</td>
<td>14.75%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>4.92%</td>
</tr>
</tbody>
</table>

Companies see Taiwan’s exclusion from multilateral/bilateral trade pacts as the major negative impact on their business.
Energy issues remain a central concern for businesses

The level of apprehension continues to decrease, but still remains high.

Regarding the future of Taiwan’s power supply, how concerned are you about the following aspects?

- **Power supply sufficiency**: 64.5% (4 percentage point drop from last year)
- **Voltage stability**: 51.4% (7 percentage point drop from last year)
- **Electricity cost**: 50.3% (9 percentage point drop from last year)
- **Progress toward green energy**: 58.5% (New question)

The Taiwan government aims to phase out nuclear power from Taiwan’s energy mix by 2025 and to replace it with increased use of renewable energy resources and natural gas. To what extent will concerns about the practical achievability of this nuclear-free goal affect your company’s decisions on future business expansion in Taiwan?

- **Large extent**: 12.02% (30%+)
- **Some extent**: 18.03%
- **Small extent**: 27.32%
- **Not at all**: 35.52%
- **Don’t know**: 7.10%

A decrease to just under half of the 2020 level.

While there is still significant concern regarding Taiwan’s ability to achieve its ambitious renewable energy goals, respondents appear to be much less worried about the drive to eliminate nuclear power, possibly due to the availability and feasibility of alternative energy sources.
Businesses continue to have a largely positive view of Taiwan’s human capital

To what extent are you satisfied with your company’s ability to recruit enough – and sufficiently capable – personnel to meet your business needs in Taiwan?

2021

- Strongly satisfied: 11.05%
- Somewhat satisfied: 48.02%
- Neutral: 24.86%
- Somewhat dissatisfied: 23.20%
- Strongly dissatisfied: 1.66%
- Don’t know: 2.21%

2020

- Strongly satisfied: 8.33%
- Somewhat satisfied: 47.78%
- Neutral: 20.56%
- Somewhat dissatisfied: 18.89%
- Strongly dissatisfied: 4.44%
- Don’t know: 0%

Given the disruptions caused by the COVID-19 pandemic, the slight drop in the rate of satisfaction from 2020 may be related to the corresponding changes to the workplace that companies have been forced to make.

 Taiwanese employees are considered reliable, ethical, and hardworking

Yet a lack of English language skills and global outlook are seen as issues hampering their competitiveness.

Out of 18 characteristics

**Top 6**

1. Trustworthiness
2. Execution of assigned tasks
3. Loyalty
4. Business ethics
5. Openness to training
6. Teamwork

**Bottom 6**

13. Creativity/ability to innovate
14. Leadership
15. Communication skills
16. Cross-border mobility
17. International mindset
18. English ability
The government’s signature programs are regarded as effective

Companies hold a generally favorable view of the ongoing major initiatives launched by the Tsai administration – the 5+2 Innovative Industries program and the New Southbound Policy.

To what extent have the following government policies benefited Taiwan’s economic development?

5+2 Innovative Industries Plan
- Some extent: 32.78%
- Large extent: 10%
- Small extent: 26.67%
- Don’t know: 19.44%
- Not at all: 11.11%

New Southbound Policy
- Some extent: 27.22%
- Large extent: 4.44%
- Small extent: 27.78%
- Don’t know: 23.33%
- Not at all: 25%

To what extent are you satisfied with the government’s progress so far in implementing these specific initiatives?

5+2 Innovative Industries Plan
- Some extent: 26.11%
- Large extent: 1.67%
- Small extent: 35.56%
- Don’t know: 23.33%
- Not at all: 13.33%

New Southbound Policy
- Some extent: 22.22%
- Large extent: 3.33%
- Small extent: 31.11%
- Don’t know: 21.67%
- Not at all: 25%

2021 Business Climate Survey
Many respondents expressed optimism regarding the government’s more recent initiatives.

Under the Six Core Strategic Industries Initiative 「六大核心戰略產業」, to what extent do you think the following will benefit Taiwan’s economic development?

High-tech, cybersecurity, and medical technology are seen as being the most impactful to the future economy.

To what extent do you think the 2030 Bilingual Nation Project will benefit Taiwan’s economic development?

Improving the English-language environment is seen as making Taiwan a more attractive investment location. “This is critical for Taiwan’s future if it is to be able to compete with regional financial centers such as Singapore and Hong Kong,” commented one survey-taker. “It has to be done at both the corporate and education-system levels.”
Innovation and market expansion: the main sources of growth

Which of the following areas do you see as the biggest opportunities for growth for your company in Taiwan over the next 1-3 years:

- Product or service innovation: 66.33%
- Larger share of existing market: 48.47%
- Entry into new market sectors: 32.65%
- New joint ventures and/or strategic alliances: 15.31%
- Mergers and acquisitions (M&A): 10.71%

A high 40.33% of companies plan to increase employment this year

Do you expect the number of your full-time equivalent employees in Taiwan to increase, stay largely unchanged from its current level, or decrease over the next 12 months?

2021

- Increase: 40.33%
- Largely unchanged: 47.51%
- Decrease: 10.50%
- Don’t know: 1.66%

2020

- Increase: 34.44%
- Largely unchanged: 57.22%
- Decrease: 7.78%
- Don’t know: 0.56%

Such plans are significant, given the largely negative impact of the COVID-19 pandemic on employment in other economies.
Progress on *Taiwan White Paper* issues

*Over half of respondents applauded the National Development Council’s coordination efforts.*

Since 2017, the government’s National Development Council has been holding quarterly meetings with AmCham committees to track and facilitate progress on *White Paper* issues. To what extent do you regard this as effective?

![Bar chart showing responses to the question:](chart)

36% say no; 41% say no; 44% say no; 54% say no

Improvements in the regulatory environment continue at a gradual pace

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rulemaking follows international best practices</strong></td>
<td>36% say no</td>
<td>41% say no</td>
<td>44% say no</td>
<td>54% say no</td>
</tr>
<tr>
<td><strong>New regulations meet economic needs and demonstrate understanding of industry dynamics</strong></td>
<td>36% say no</td>
<td>41% say no</td>
<td>41% say no</td>
<td>53% say no</td>
</tr>
<tr>
<td><strong>Laws and regulations are interpreted consistently</strong></td>
<td>38% say no</td>
<td>41% say no</td>
<td>46% say no</td>
<td>52% say no</td>
</tr>
</tbody>
</table>
Improved interaction between industry and government

More companies than last year expressed satisfaction with the government’s attention to the business community.

To what extent are you satisfied with the general level of attention given by Taiwan’s top policymakers to the needs of business, as well as their level of engagement with the private sector, in setting relevant policies?

Government priorities

Industry’s view as to where the government should focus its efforts tracks closely with previous years, although maintaining a safe, pandemic-free environment takes precedence in 2021.

What should be the government’s top priorities during the current Presidential term?

1. COVID-19 pandemic control
2. Bilateral trade agreement with the U.S.
3. Cross-Strait relations
4. Energy sufficiency
5. Talent development and retention

National defense and modernization of Taiwan’s banking system were listed as additional priority areas.
Taiwan is seen as an excellent place to live and work

*Taiwan’s swift, successful handling of the COVID-19 pandemic has helped reinforce several of its positive qualities.*

As asked about the quality of life in Taiwan, the respondents were generally enthusiastic. The top five positive factors cited were:

- Personal safety
- Healthcare system
- Social stability
- Living costs
- Friendliness toward foreigners

The least favorable aspects cited were:

- Education system
- Air quality and clean environment
- Diversity and inclusion

Survey participants by industry:

- Information and communications technology (ICT)
- Chemicals/Energy
- Healthcare-related products and technologies
- Media & Entertainment
- Retail & Trade
- Consumer goods & Food/Beverage
- Professional services
- Financial services
- Other