

# Business Climate Survey

2024 Report



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Conducted between November 20 and December 15, 2023  
223 of 444 eligible member companies completed the survey, a response rate of 50%

## Business Takes Off in 2024

*A message from AmCham Taiwan Chairperson Dan Silver*



As the economy rebounds from post-pandemic volatility, the 2024 Business Climate Survey shows a strong sense of optimism among AmCham Taiwan members. Respondents expressed high levels of confidence in both Taiwan's economy and their own company's business prospects for the coming year and beyond.

The annual survey is based on an online questionnaire sent to AmCham's voting members, the majority of whom are executives of leading international businesses in Taiwan. In this year's survey, 81% of respondents expressed confidence in Taiwan's economic outlook over the coming year, an increase of 11 percentage points compared with 2023. Nearly 83% were optimistic about their companies' prospects for revenue growth during the same period, an impressive 10-percentage point surge.

The outlook for the next three years was also hopeful – many respondents have shifted from “somewhat confident” to “very confident” about their revenue prospects in Taiwan. Of concern among respondents were geopolitical uncertainties (including cross-Straits tension), talent and workforce availability, and the pace of regulatory reform. On the latter point, members indicated that more needs to be done to implement good regulatory practices when drafting new laws and regulations and communicating with the public.

### **The survey also found that:**

- Confidence in Taiwan is flying high – an impressive 92% of respondents plan to maintain or increase their investment in Taiwan in the upcoming year.
- Human capital was found to be a priority, with 55% of respondents investing in skills development and staff training in 2023. Nearly half expect to hire more people over the next 12 months, and 43% expect to keep their headcount largely the same.
- While around 74% of companies were satisfied with their ability to recruit talent that meets their needs, only 56% had raised salaries beyond inflation in 2023.
- A majority of companies reported that their operations had not been severely disrupted by tension across the Taiwan Strait. Those disrupted reported concerns or policy changes from offshore headquarters, staff anxiety, and reduced business from China as the main causes.
- Focus on sustainability is substantial across industries. Around 61% of companies reported making a formal commitment to achieving net zero emissions, using 100% renewable energy, or a similar target. However, 71% of survey takers expressed concern about the availability of green energy in Taiwan.
- While respondents view Taiwan as safe, stable, and convenient, road safety has remained a concern among members throughout the years. Despite efforts to improve this situation, it remains on the list of least attractive aspects for foreign nationals living and working in Taiwan.

AmCham looks forward to discussing the survey findings with the Taiwan authorities as part of our shared objective of bolstering Taiwan's already strong business climate. The Chamber also stands ready to help foster stronger ties between the United States and Taiwan for mutual economic benefit, including by supporting the eventual signing of a bilateral trade agreement.

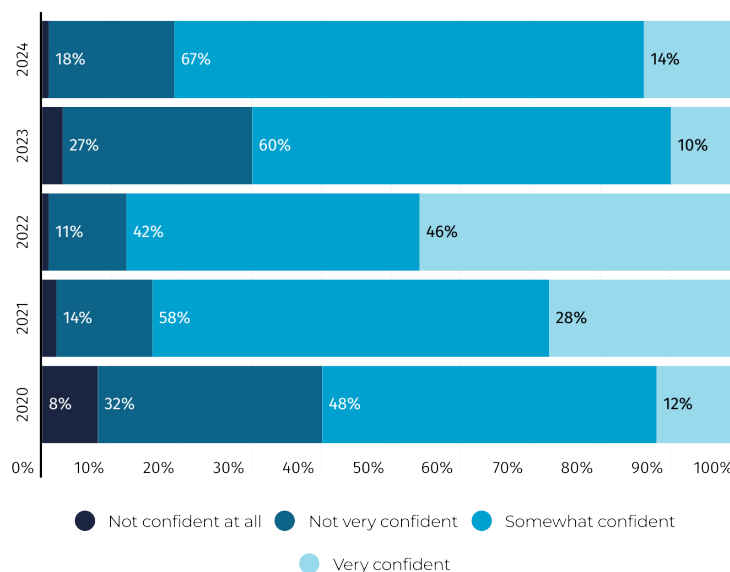
## Confidence rebounding

In Q1 2022, Taiwan's economy experienced its first contraction in six years, leading to GDP growth of just 2.45% for the entire year. This slowdown continued into 2023, during which the annual growth rate was 1.46%.

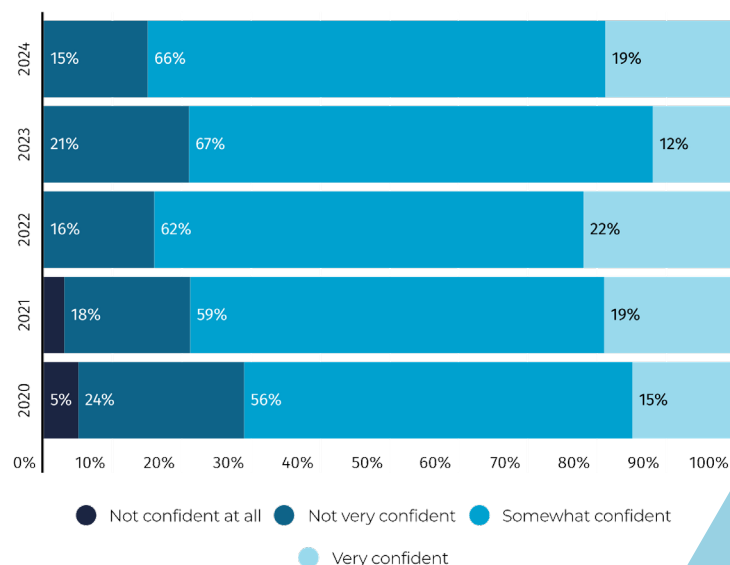
However, the outlook for 2024 is somewhat more optimistic. Taiwan's Directorate General of Accounting, Budget and Statistics (DGBAS) projects GDP growth of 3.35% for the year, while the International Monetary Fund anticipates a slightly lower growth rate of 3.00%.

With these projections and signs of rebounding travel, tech exports, and retail sales, confidence in Taiwan's economy also surged among AmCham members. **This year 81% of survey takers expressed confidence in Taiwan's economic growth outlook over the next 12 months**, while an even higher 85% expressed confidence over the next three years. These numbers represent increases of 11 and 6 percentage points, respectively, compared with last year.

### How confident are you about Taiwan's economic growth outlook over the next 12 months?



### How confident are you about Taiwan's economic growth outlook over the next three years?



# BUSINESS PERFORMANCE & CONFIDENCE

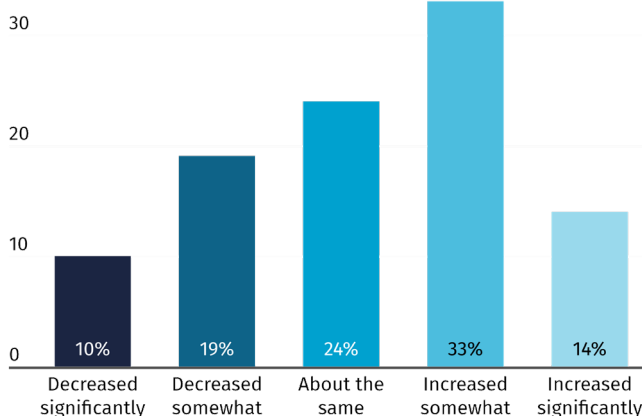
## Performance remains healthy

While 75% of respondents reported strong corporate performance in 2022, reports for **2023 saw 71% of companies reporting stable or increased revenue**. The four-percentage gap was taken up by the companies reporting revenue that “decreased significantly.” Reports of revenue somewhat decreasing remained consistent at 19%.

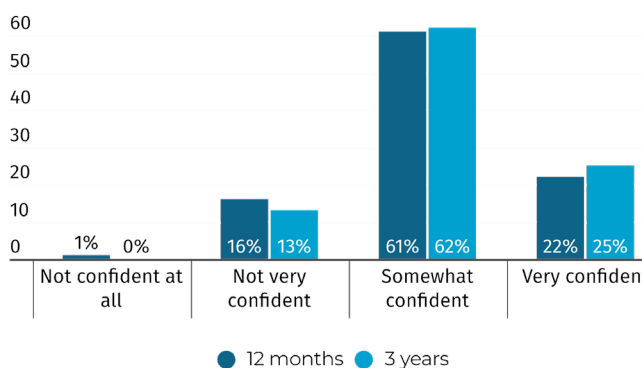
In 2023 the hospitality and food & beverage (F&B) sector emerged as the top-performing industry classification, with 91% of respondents in this category reporting increased revenue. In second came retail and trade with 63% reporting increased revenue, followed by healthcare and related technologies at 61%.

The chemicals industry registered the weakest performance – all respondents in this industry reported decreased revenue in 2023. In second came the ICT industry, with 68% of respondents reporting decreased revenue. The tech sector dipped last year as weak growth dampened the normally high global demand for Taiwan’s electronics components. Additionally, domestic tech companies grappled with excess inventories following the pandemic-induced surge in demand. This year, however, AI chips and renewed demand are expected to boost the tech sector further.

## How did your company's 2023 revenue in Taiwan compare to 2022?



## How confident are you about your company's revenue growth in Taiwan?



## Business confidence takes off

Confidence in company revenue appears robust among survey respondents. **Around 83% expressed at least some degree of confidence in their company's revenue growth over the coming 12 months**, a notable increase from the 73% in last year's survey. This optimism intensifies when looking further ahead – when asked about the next three years, an impressive 87% of respondents conveyed some degree of confidence.

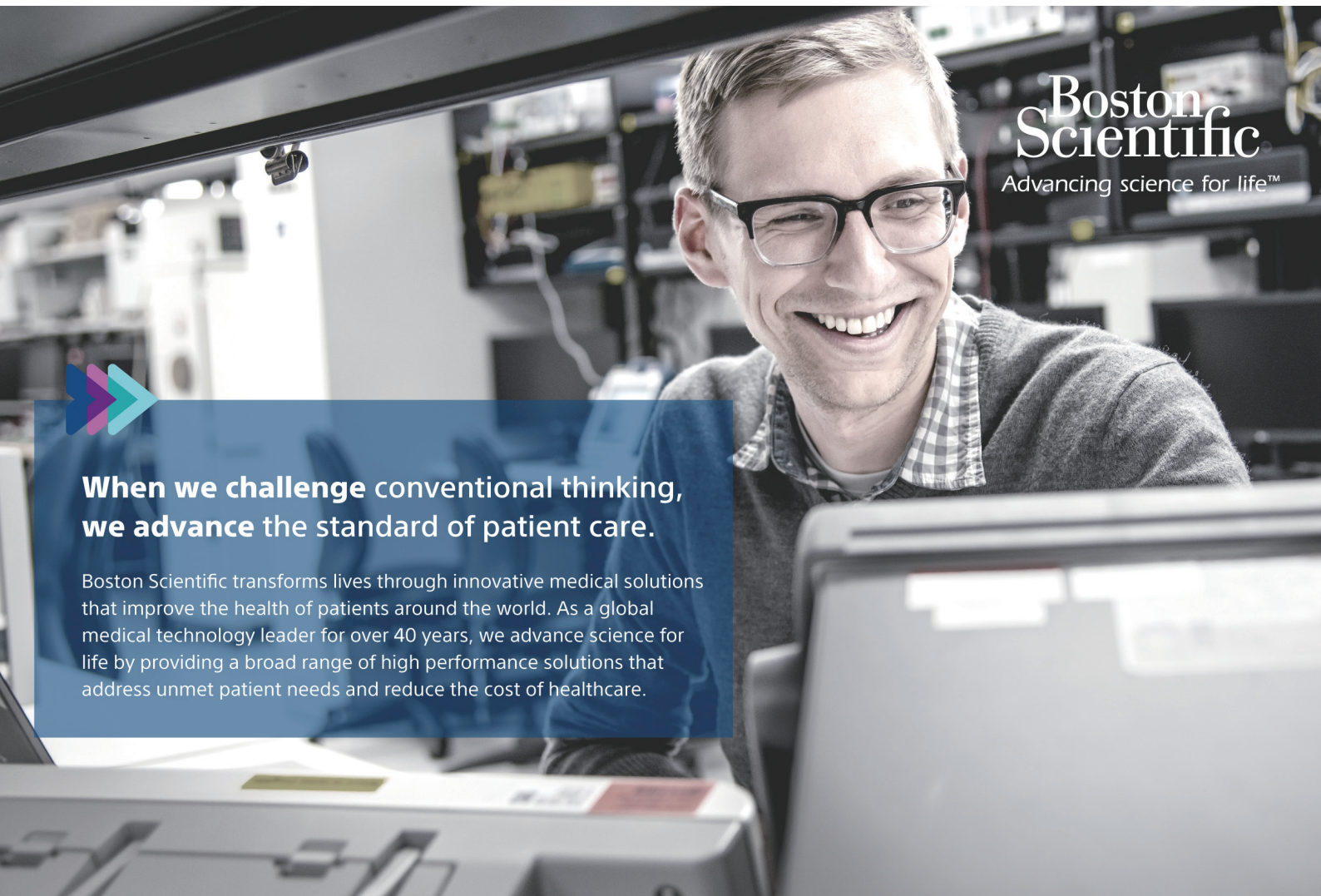
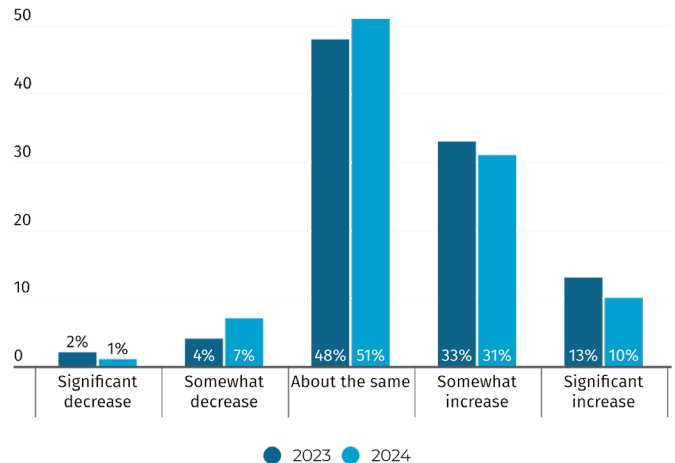


## Investment grows

In last year's survey 88% of respondents anticipated their investment in Taiwan to stay the same or increase during 2023. However, at the end of the year **94% of companies said they had maintained or expanded their level of investment in Taiwan during 2023**. The most notable rise was seen in reports of a "significant increase," predominantly from the professional services and retail and trade industries, which together accounted for around 40% of these reports.

An impressive **92% of companies said they plan to maintain or increase their investment in Taiwan in 2024**, an increase of four percentage points from last year.

## Investment changes last year and projected for 2024



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# INVESTMENTS

## Market potential

Marketing and sales, digital transformation, and skills development/staff training all lead in 2024's investment planning initiatives.

When asked about the main growth opportunities in Taiwan over the next three years, 65% highlighted product or service innovation, while 60% pointed to gaining larger shares of existing markets.

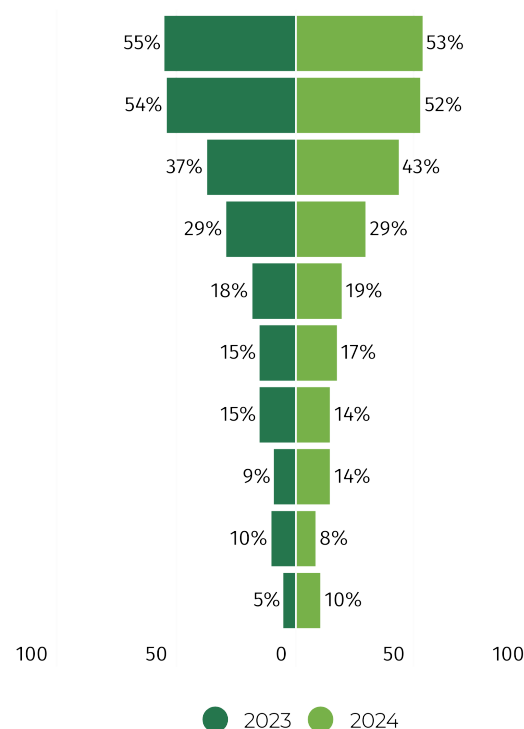
Regarding their own competitiveness, **respondents rated staff competence as the most crucial factor (62%) for success**, followed by brand awareness (43%) and sales potential (35%).

Notably, 46% of companies identified entry into new market sectors as a primary growth opportunity, with another 22% citing new joint ventures and/or strategic alliances.

Skills development/staff training  
Marketing & sales  
Digital transformation  
ESG  
R&D  
Supply chain efficiency  
Manufacturing & facilities  
AI/IoT  
Other  
No plans

## Areas of investment

*Respondents could select multiple options*



## Shifts in research and development

Among the companies that invested in R&D last year, **64% said they are creating new products and services for both the Taiwan and overseas markets**. Meanwhile, 26% are creating products exclusively for the Taiwan market.

R&D investment among companies has remained stable – nearly 20% of companies said they are planning to invest in research and development in 2024.

The Executive Yuan increased efforts in 2022 to attract large international firms to build research and development centers in Taiwan. An R&D center for high-end technologies and two similar facilities for heavyweight equipment and materials suppliers are expected to be completed in the coming years.

To what extent do you agree that the following aspects make Taiwan a good place for foreign professionals to live and work?

*Out of 19 factors*

## TOP 5

1. Personal safety
2. Friendliness toward foreign nationals
3. Social stability
4. Healthcare system
5. Democracy and rule of law

## BOTTOM 5

15. Childcare services
16. Building quality
17. Banking
18. Road safety
19. Globally competitive salaries

### Taiwan deemed safe and stable

Members list personal safety and friendliness toward foreign nationals as the most attractive aspects of living and working in Taiwan. Rounding out the top five are social stability, Taiwan's world-renowned healthcare system, and its robust democracy and rule of law.

The biggest negative factor was seen as difficulties earning globally competitive salaries, an issue that has increasingly been coming to a boil.

Taiwan's low salaries have been criticized amid rising housing and living costs. Job markets also differ greatly by geography, with cities such as Taipei offering greater wages than other areas.

As incentives for finding work in other countries increase, Taiwan and other markets in the region are experiencing a brain drain due to stagnant wages and unfavorable working conditions.

### Do more to encourage foreign investment

**Survey respondents requested the Taiwan government to streamline processes, remove trade barriers, and make it easier for foreign entities to invest in the market** in this year's survey.

Asked what area of improvement they deemed most important to business in Taiwan, 38% of survey takers mentioned areas related to removing trade barriers and aligning laws and regulations with international standards.

# PEOPLE & PLANET

## Headcount kept high

Taiwan maintained a consistently low unemployment rate throughout 2023. According to the latest available data, Taiwan's unemployment rate at 3.4% in October was 1.5 percentage points below the OECD average of 4.9%. AmCham member companies were among contributors to this impressive number – when asked about changes to the number of full-time equivalent employees in 2023, 43% of companies reported an increase and 40% said headcount had remained unchanged.

Echoing their confidence in Taiwan's economy over the next year, **a vast majority (92%) of companies plan to keep staff numbers at their 2023 level (43%) or increase them (49%).**

## Taiwan's got talent...

Members recognize certain universal traits of Taiwan's job candidates as assets to the global market. High levels of diligence, trustworthiness, loyalty, teamwork, and execution of assigned tasks are all seen as the Taiwan workforce's greatest strengths in being globally competitive.

Companies reported that low English ability and a lack of international mindset were listed as the most prominent shortcomings of Taiwanese workers.

To what extent do you consider Taiwan's workforce to be globally competitive?

*Out of 17 factors*

### TOP 5

1. Diligence
2. Trustworthiness
3. Execution
4. Loyalty
5. Teamwork

### BOTTOM 5

13. Creativity
14. Communication
15. Leadership
16. English ability
17. International mindset

## ... and companies work to retain it

**Around 74% of respondents said they were satisfied with their ability to recruit talent to meet their company's needs.** The energy, professional services, and healthcare industries made up 51% of those who responded that they were "strongly satisfied." **The top initiative among respondents to attract and retain talent was offering flexible working arrangements at 69%.** A positive correlation emerged, as professional services and healthcare sectors made up 35% of companies that offered flexible working arrangements.

Other popular initiatives to retain and attract talent reported by companies were professional training (58%), salary increases above inflation (56%), enhanced benefits (55%), and additional leave (50%). According to a September survey report by 1111 Job Bank showed that 90% of Taiwan's office workers were dissatisfied with their salaries.



## Meeting ESG goals

AmCham members place high value on following environmental, social, and corporate governance (ESG) principles. **Around 61% of respondents said they have made a formal commitment to net zero, RE100 (using 100% renewable energy), or similar goals.** Achieving these objectives hinges on the availability of green energy. Notably, **71% of survey respondents expressed concern about the availability of green energy in Taiwan,** highlighting the need for heightened focus and action in this area.

To meet ESG objectives, 66% of companies improved diversity and inclusion, 61% invested in health, safety, and professional talent development, and 54% strengthened corporate governance fairness and accountability. Slightly over 29% of respondents said they invested in ESG last year, and an equal 29% said they plan to invest in ESG in 2024.

Has your company publicly committed to an environmental goal?



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# REGULATORY ENVIRONMENT

## Communication challenges

To gauge sentiments about Taiwan's regulatory environment, respondents were asked to indicate how much they agreed with 10 statements about processes related to the government's management of laws and regulations.

Of these statements the highest rated was, **"Regulations can be researched easily,"** with an overall agreement rate of only 46%.

The most divisive statement was, **"Government bodies seriously consider public input (including industry stakeholders) and provide adequate responses."** While 32% of respondents agreed with the statement, 31% disagreed. Of the respondents that disagreed, 37% were in the healthcare and related technologies sector and 33% were companies providing professional services.

The statement that received the most disagreement overall was, **"New laws and regulations meet economic needs and demonstrate a sufficient understanding of industry and/or business dynamics."** A total of 43% disagreed with this assertion.

## Of the following statements...

*Options included "neutral" and "unsure"*

46%	<b>agreed</b> that regulations can be researched easily
40%	<b>agreed</b> that the government's 60-day notice and comment period for draft laws and regulations is sufficient
32%	<b>agreed</b> that government bodies seriously consider public input and provide adequate responses
35%	<b>disagreed</b> that laws and regulations are promptly made available in English
40%	<b>disagreed</b> that laws and regulations are interpreted consistently
43%	<b>disagreed</b> that laws and regulations meet economic needs and demonstrate a sufficient understanding of industry and business dynamics

## Modernization highly requested

This year's survey included the optional, open-ended question, **"What do you consider to be the most important area for improvement in Taiwan's business environment in 2024?"**

Among those who responded, **22% mentioned reduced bureaucracy, modernization of trade regulations, and alignment with international standards** as the most important area of improvement. Talent and workforce came in second at 11%, followed by stability and national security, which was mentioned by 10% of respondents.

## Emphasis on Good Regulatory Practices

In June 2023, Taiwan and the United States signed the first agreement under the U.S.-Taiwan Initiative on 21st-Century Trade framework. The first agreement covers five trade areas, and negotiations regarding the remaining areas under the Initiative are ongoing. This year respondents were asked to select three areas considered most important to their company. **At 58%, Good Regulatory Practices (GRP) was the highest-ranked area.**

The GRP agreement creates improved transparency tools and mechanisms to assist small and medium-sized enterprises in better understanding regulatory procedures, including public consultations on proposed regulatory measures. It will also establish a Good Regulatory Practices Committee to oversee the implementation of the chapter's obligations, improve information sharing, and facilitate enhanced regulatory cooperation.

White Paper meetings:  
Satisfaction declining

Since 2017, the National Development Council (NDC) has regularly convened with AmCham committees to monitor and advance the resolution of issues highlighted in the Chamber’s annual *White Paper*.

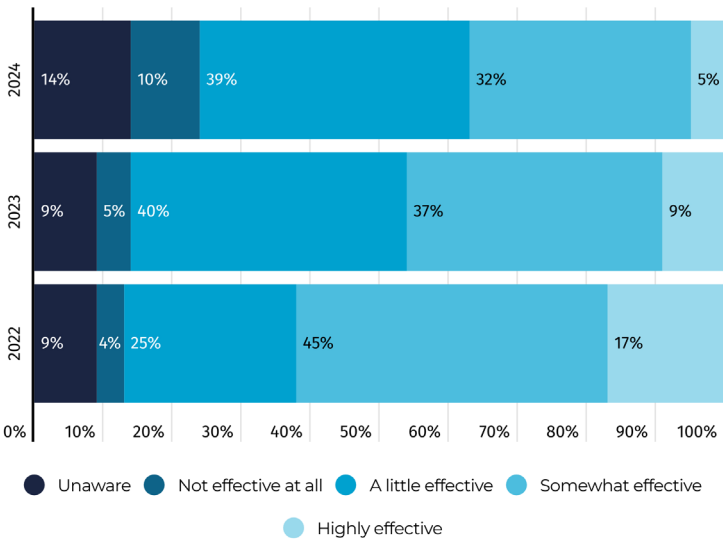
The *White Paper* is the Chamber’s most important advocacy document, containing around 100 issues raised by 25 AmCham committees. Issues range in size and complexity, and many of these take years to resolve. Of the issues presented in the *White Paper*, the numbers reported as resolved were 11 in 2021, 5 in 2022, and 8 in 2023.

The last few years have seen a noticeable decline in the perceived effectiveness of these *White Paper* meetings among survey takers. From 2022 to 2024, there was an 11-percentage point drop in the proportion of respondents who viewed the meetings as effective to at least some degree.

Aging population

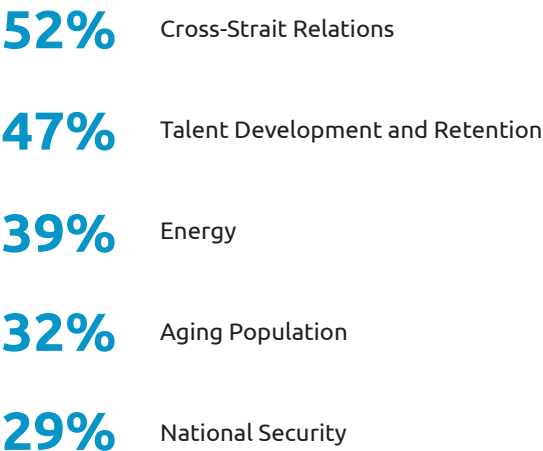
Cross-Strait relations, talent, and energy remained the top-three most requested government priorities among companies this year. However, **addressing challenges related to Taiwan’s aging population replaced national security as the fourth-most requested priority area.** Taiwan is set to become a super-aged society, with over 20% of the population aged 65 or above, within the next year. This development will necessitate increased attention to healthcare and caregiving demands, pension and financial sustainability, and maintaining a productive workforce.

To what extent do you consider the *White Paper* meetings effective?



What areas do you feel should be the Taiwan government’s top priorities in the next 1-3 years?

Respondents could select up to four options



# CHALLENGES

## Taiwan's international standing biggest perceived risk...

When asked to rank the potential impact of various risks to their companies' operations, respondents ranked cross-Strait relations highest, followed by national security and Taiwan's exclusion from bilateral and multilateral trade pacts.

**Cybersecurity threats dropped from first place last year to fourth** this year among listed risk factors. While Taiwan is among the regions most targeted by foreign cyberattacks in the world, its cyber defense is generally robust and remains a government priority. Notably, the National Institute of Cyber Security (NICS) was launched in February 2023 under the administration of the Ministry of Digital Affairs (Moda).

Taiwan and the United States have during 2023 also strengthened their collaboration on cybersecurity. Among other measures, President Joe Biden signed into law the 2024 National Defense Authorization Act, which includes cybersecurity collaboration efforts with Taiwan. U.S. lawmakers also introduced the Taiwan Cybersecurity Resiliency Act, which would authorize the U.S. Department of Defense to conduct cybersecurity exercises with Taiwan and help defend Taiwan's military networks and infrastructure.

**Regarding Taiwan's preparedness for future pandemics, a significant majority of respondents (83%) expressed at least some degree of confidence** in the government's readiness.

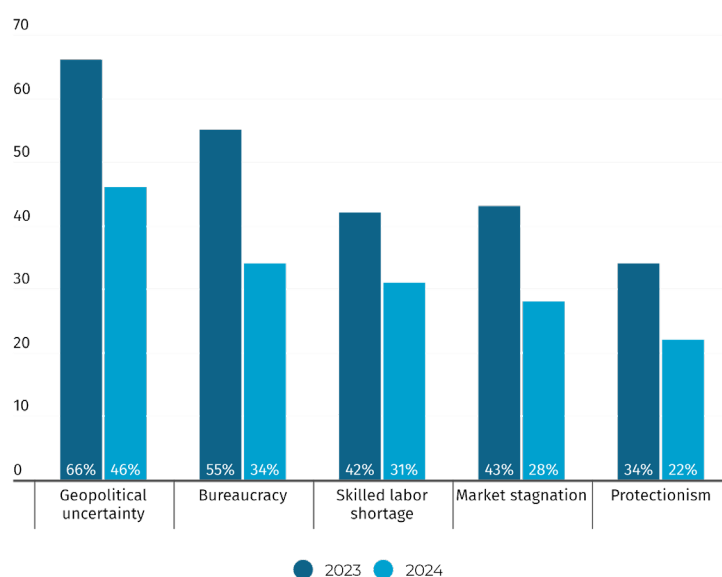
## ... but geopolitical uncertainty less of a deterrent

Survey respondents identified geopolitical uncertainty as the most prominent factor that might deter further investment in Taiwan. However, **only 46% now consider geopolitical uncertainty to be a deterrent – a significant 20-percentage point drop from last year**. The second most negative factor was bureaucracy at 34%.

Asked about energy-related issues, **concerns about supply and grid resilience were reported by 74% of respondents**. Notably, availability of green energy was the area with the greatest number of companies (29%) indicating they were "very concerned."

## Top factors deterring companies from expanding or investing in Taiwan

*Respondents could select up to three options*





## Moderate concern

Although reliance on trade with China has decreased significantly over recent years, China remains a key trading partner. Exports to China (including Hong Kong) accounted for nearly 40% of Taiwan's total exports in 2023.

Many international companies tend to categorize their Taiwan office within a "Greater China" or "APAC" grouping. Among respondents who represented international companies, 31% said their Taiwan country head directly reports to a regional office in either China, Hong Kong, or Macau.

With continuing cross-Strait tension, focus on Taipei-Beijing relations has grown. When asked about what areas should be the Taiwan government's top priorities in the next three years, 52% of respondents selected cross-Strait relations as one of their priority areas.

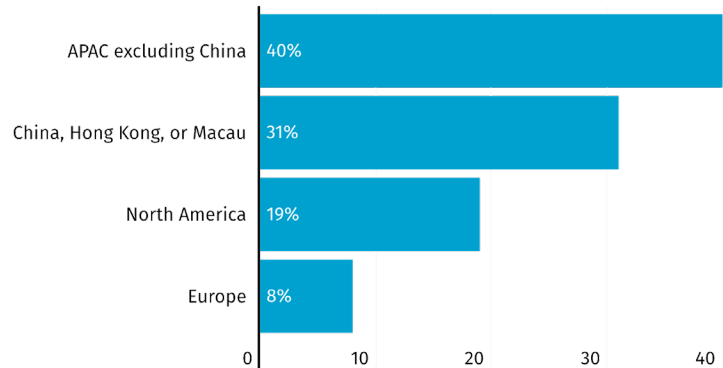
While 26% of companies reported cross-Strait relations as their biggest risk factor last year, **59% reported that their company has not been significantly disrupted by tension across the Taiwan Strait during 2023**. Looking ahead to 2024, just 31% of companies said they expect to be disrupted by tension while 30% did not expect significant disruption and 39% were unsure.

To reduce the impact of possible future disruption, 35% said they are revising business continuity plans. Readjusting supply chains (23%) and expanding to additional locations outside of Taiwan (16%) were other top options considered by respondents.

Personal concern about potential action against Taiwan has remained flat at 2.8 out of 5. Members were asked this question in an August 2022 flash survey and the 2023 and 2024 Business Climate Surveys.

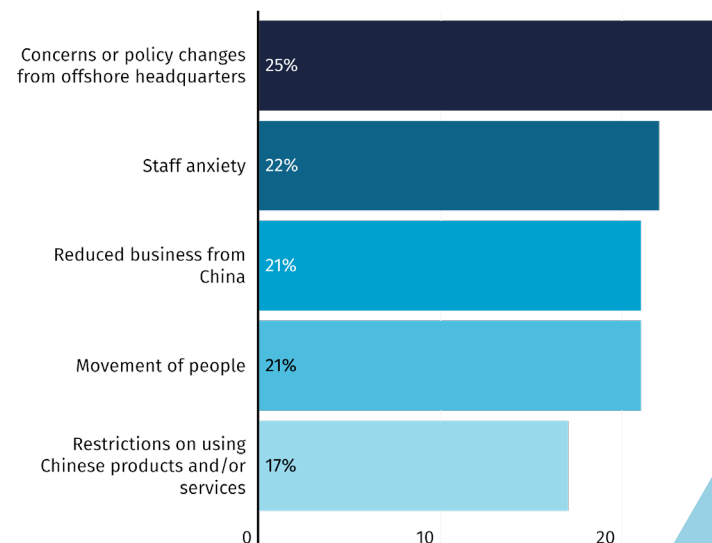
## Where does your Taiwan office head report to?

*Excluding Taiwan-headquartered companies*



## How has your company been affected by tension across the Taiwan Strait this year?

*Top five among 12 options*



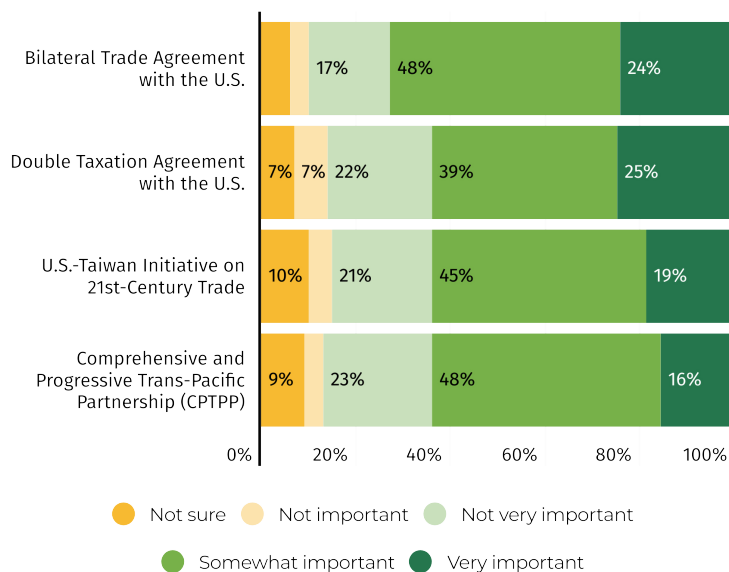
# TRADE RELATIONS

## Bilateral trade agreement highest priority

While more than half of all respondents viewed all listed bilateral and multilateral agreements and frameworks as important to their business, the most valued agreement would be a bilateral trade agreement (BTA) with the United States. **A majority of respondents (72%) said they consider it important to their business for Taiwan and the United States to achieve a BTA**, a long-standing advocacy objective of the Chamber.

The United States and Taiwan are moving closer to resolving double-taxation issues. While the path remains complex, the importance of addressing double taxation, especially given Taiwan's significant investments in the United States, has spurred legislative action with recent bipartisan support in the U.S. Congress.

## How important are the following agreements and frameworks to your business?



## TOP 3 TRADE TOPICS

*Out of the trade areas under the U.S.-Taiwan Initiative on 21st-Century Trade framework*

**58%** Good Regulatory Practices

**40%** Trade Facilitation

**32%** Digital Trade

## U.S.-Taiwan trade initiative valued

**Over half of respondents (64%) said they consider the U.S.-Taiwan Initiative on 21st-Century Trade to be important to their business.** In the healthcare and related technologies industries, 77% of respondents deemed the 21st-Century Initiative as important to their business. In the ICT sector, this sentiment was echoed by 68% of respondents.

## U.S.-China rivalry viewed more favorably

This year an overwhelming majority (90%) of respondents reported having experienced at least some impact from U.S.-China rivalry on their business. This marks an increase of seven percentage points from the figure reported last year.

However, fewer respondents (34%) viewed its economic impact as negative compared with last year (46%). **The proportion of respondents who reported a positive impact on Taiwan increased by 10 percentage points to 34%.**

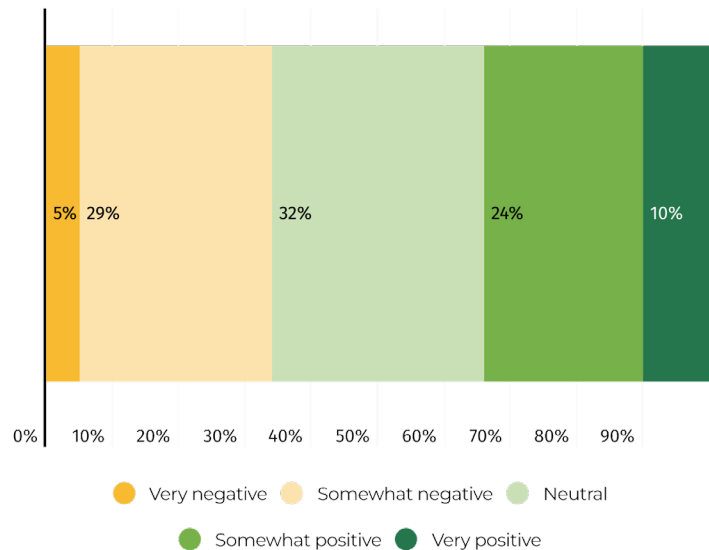
## Business flows to Taiwan

The recent imposition of export controls by the United States on advanced semiconductors made with American technology, coupled with the U.S. CHIPS and Science Act enacted in August 2022, has significantly impacted businesses globally, particularly in the semiconductor industry. Taiwan also introduced its own CHIPS Act in 2023, focusing on retaining Taiwan's competitive edge through tax benefits, R&D support, and talent development.

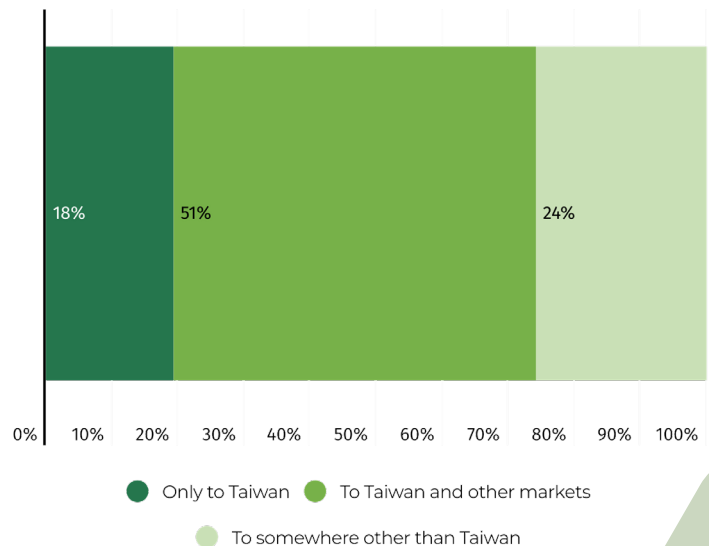
Efforts to redirect and diversify supply chains seem to have had an effect on AmCham member companies. When asked if their company had relocated business from China over the past five years, **22% of companies reported relocating, a five-percentage point increase from last year.**

Of these respondents, **69% had relocated business from China either to only Taiwan or to Taiwan and other markets.** The remaining 31% had relocated business from China to somewhere other than Taiwan. Although the ICT industry represented 10% of all respondents to this year's survey, nearly a quarter (24%) of companies that had relocated business from China were in the ICT industry.

In your opinion, what has been the economic impact on Taiwan of the rivalry between the United States and China?

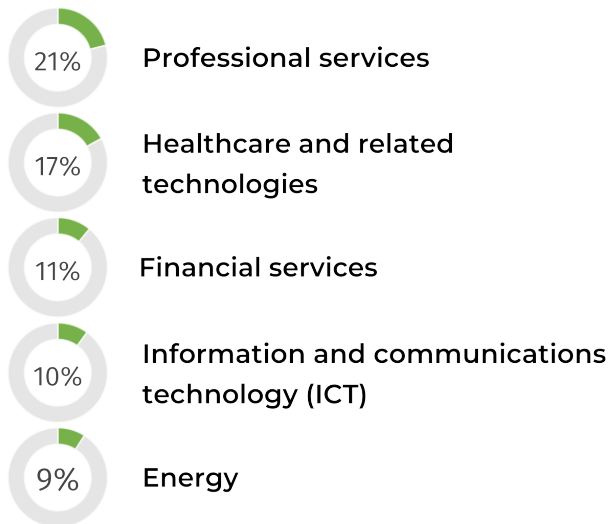


To where has your company relocated business from China over the past five years?



# ABOUT THE RESPONDENTS

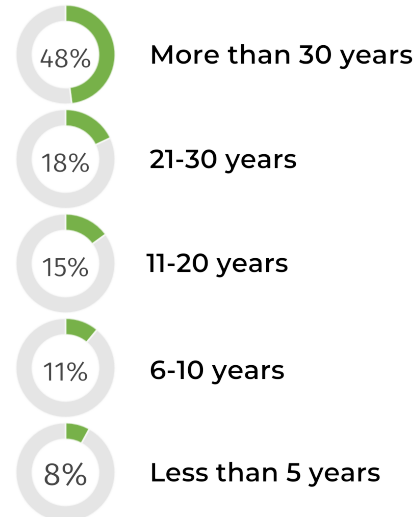
## Top 5 industry classifications



Respondents are active in some of the most important sectors of the economy, from healthcare and finance to logistics, aerospace, and chemicals.

The top two primary activities of respondent companies in Taiwan this year were provision of services at 38% and sales and distribution at 35%. More than half (51%) of companies are headquartered in the United States, 25% in Taiwan, 14% in Europe, and 9% in the APAC region.

## Number of years in Taiwan



AmCham member companies are island veterans – 82% of survey takers have been in operations in Taiwan for over a decade, and 48% for more than 30 years. Companies with more than 2,000 full-time equivalent employees account for 9% of the total, with 501-2,000 at 8%, 201-500 at 17%, and 0-200 at 66%. The average number of full-time staff in Taiwan that are foreign nationals among respondent companies is 10%.



This report was produced by the American Chamber of Commerce in Taiwan based on member company feedback obtained between November 20 and December 15, 2023.

While every effort has been made to ensure accuracy, this report should be used for reference only. Percentages may not total 100 due to rounding.

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