

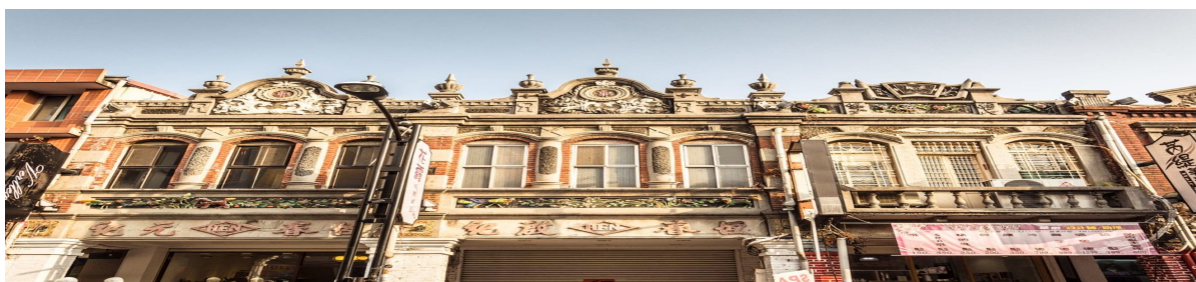


Taiwan Economic Status and International relation

Description

Taiwan holds a significant position in the global economy not only because it is an important market for regional and global trade and investment, but also a top player in the world's information and communications technology industry as well as a major high-technology supplier across the industrial from robust manufacturing industries of semiconductors, 5G telecommunications, AI and the Internet of Things (IoT). Moreover, Taiwan owns the highest density of precision manufacturing hubs in the world which constitute completely industrial supply chains. According to World Population Review 2024 with the data of World Intellectual Property Organization (WIPO) Intellectual property statistics, Taiwan is ranking 6th countries who owns the most inventions which after the United States, Japan, South Korea and German. 2023 World Competitiveness Yearbook conducted by Institute for Management Development ranked Taiwan top 8 for technological infrastructure and top 5 for scientific infrastructure and top 6 for overall world competitiveness.

Taiwan forex reserves rose to US\$570.595 billion as of the end of December 2023 and according to the top financial regulator (Financial Supervisory Commission (FSC)) in Taiwan foreign institutional investors registered a net fund inflow of US\$ 29.48 billion in 2023. Taiwan not only has solid fundamental and good external financial position, but also bond tightly with the world. Although without official diplomatic with all of country, Taiwan has official relations with diplomatic allies and substantive ties with many countries such as Japan, Australia, New Zealand, Canada, EU nations, Canada, UK and US and many others which aim at strengthening economic, investment, technological and trade. For example, New Zealand and Singapore both signed an economic cooperation with Taiwan which exceed WTO commitments and UK has agreement to facilitate engagement on topics related to digital trade, investment, renewable energy and net zero. Taiwan has membership in 45 intergovernmental organizations such as World Trade Organization, Asia-Pacific Economic Cooperation Forum, Central American Bank for Economic Integration, and also holds observer or other status in 28 IGO such as the European Bank for Reconstruction and Development. Under the New Southbound Policy, Taiwan is deepening bonds with the 10 Southeast Asian Nations, 6 South Asian countries on economic and trade cooperation, resource sharing, regional links, talent cultivation and creating a new type of cooperation based on shared benefit.



Taiwan and U.S. held the Taiwan-U.S. Economic Prosperity Partnership Dialogue and signed the agreement related to the trade and cooperation. U.S. provides a strong cooperation and encourage visits by officials at all levels from the two side in the absence of formal diplomatic ties. Taiwan is only country in U.S. visa waiver program and serves as the US 8th largest trading partner (according to 2023 statistics) without maintain formal diplomatic relations which also emphasize the otherwise close relationship. U.S. is Taiwan's 2nd largest foreign direct investment (FDI) countries after Netherlands. Taiwan have attracted U.S. investors from advanced technology, traditional manufacturing to services sectors. According to U.S. Department of Commerce, the total stock of U.S. FDI in Taiwan reached US\$16.8 billion and services exports to Taiwan totaled US\$10 billion in 2021. U.S. also aid Taiwan in bolstering self-defense and play a key role in maintaining regional security as Taiwan and the U.S. continue to expand the breadth of cooperation into one of global cooperation.

Taiwan is one of the biggest investors in China which approved investment in China comprised total US\$203.33 billion between 1991 to 2022. China is the largest trading partner of Taiwan with US\$223.96 billion (152.25 billion exports and 71.71 billion imports to/from China) trade value in 2023 according to Ministry of Finance, Taiwan. However, China has setting more and more political preconditions, intensifying economic pressure, continuously exerting political suppression and even military coercion on Taiwan which even bring the believe the most sophisticated microprocessor market probably protects Taiwan against the threat of Chinese aggression at least in the short term. With concern about overreliance on trade and economically and diplomatically squeeze, Taiwan continually works on building a consistent, predictable and sustainable relationship based on existing realities and political foundations, as well as dedicates to diversifying trading profile by diminishing the export to China and robust exports to U.S., Europe, Japan and Southeast Asia.

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