

Taiwan's Economic Security under Global Change - Strengthening the U.S.-Taiwan Economic Partnership

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Presentation Outline

Taiwan's economic security aligns with U.S. interests

Taiwan's economic performance

Close economic relations between the U.S. and Taiwan

Strengthening the U.S.-Taiwan Economic Partnership

Taiwan's economic security aligns with U.S. interests

Taiwan's economic security aligns with U.S. interests (1/4)

- ◆ The essence of the tension in the Taiwan Strait is a Systemic Competition between democratic market-oriented economy and authoritarian state-led national capitalism.
- ◆ Taiwan's economic resilience and strength have been built upon its stability over the past 50 years.

Taiwan's economic security aligns with U.S. interests (2/4)

- ◆ Taiwan plays a critical role in the global supply chains. The semiconductor industry is the best-known example, but Taiwan has more to offer, such as EVs and electronic devices.
- ◆ Therefore, strengthening the cooperation with Taiwan contributes to the establishment of a more secure and resilient international trading system.

Taiwan's economic security aligns with U.S. interests (3/4)

- ◆ The core interest of the U.S. and Taiwan is to promote an inclusive and rule-based international trading system that levels the playing field for businesses. We also need to ensure greater supply chain resilience to prevent future disruption.
- ◆ Maintaining a leading role in state-of-the-art innovative and manufacturing operations are in the interest of the U.S. national security. If Taiwan's economic security is compromised, this will undermine the United States' leading position in critical sectors.

Taiwan's economic security aligns with U.S. interests (4/4)

- ◆ China has been attempting to establish its own self-sufficient supply chains on many sectors, including semiconductors, and they have already achieved some results.
- ◆ Taiwan, as a trusted partner for the U.S. and its allies, constitutes an integral part of the current global supply chains.
- ◆ The U.S.-led international order cannot afford to weaken Taiwan's economic role on the world stage.

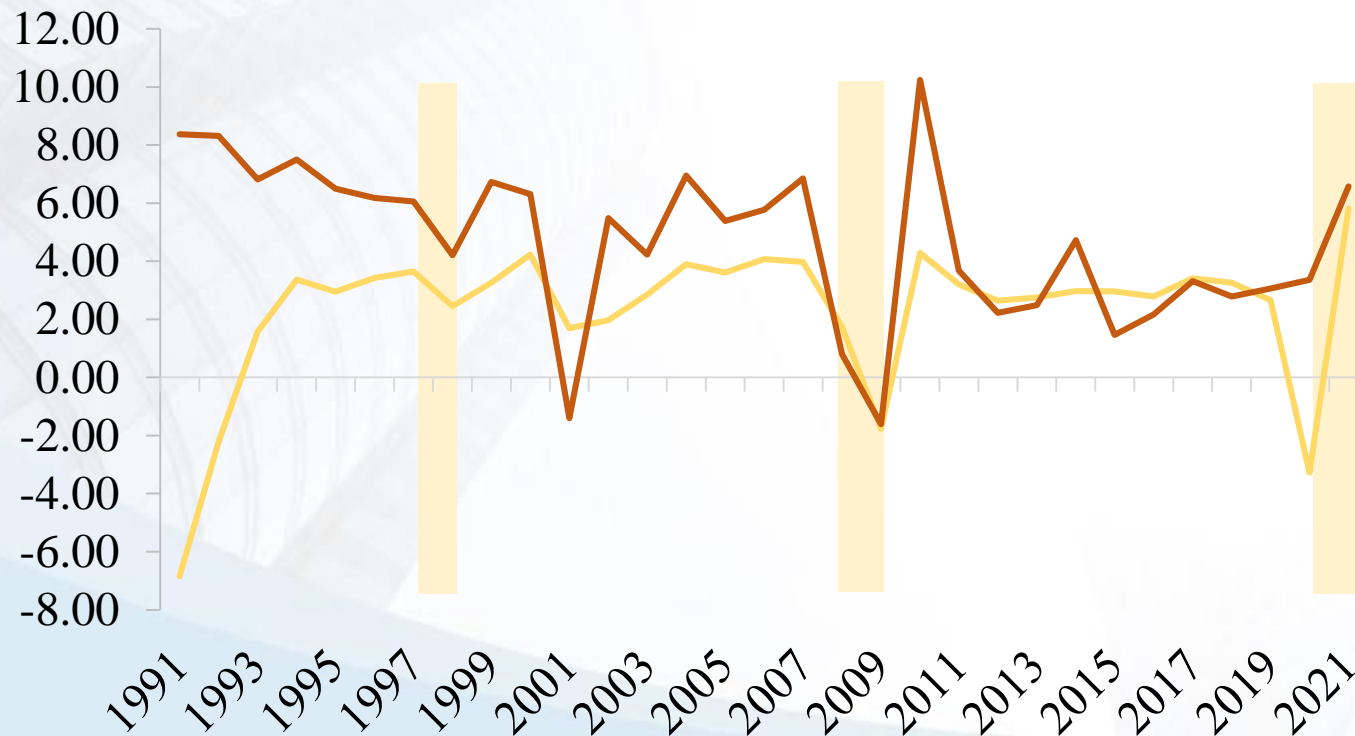
Taiwan's economic performance

Taiwan's recent economic performance has been relatively steady. (1/4)

Taiwan's economic performance over the past 30 years has been very healthy. Our economy has continued to grow despite the financial crisis, dotcom bubble, the COVID pandemic, and other international issues.

GDP annual growth rate by selected countries (%)

— World — Taiwan



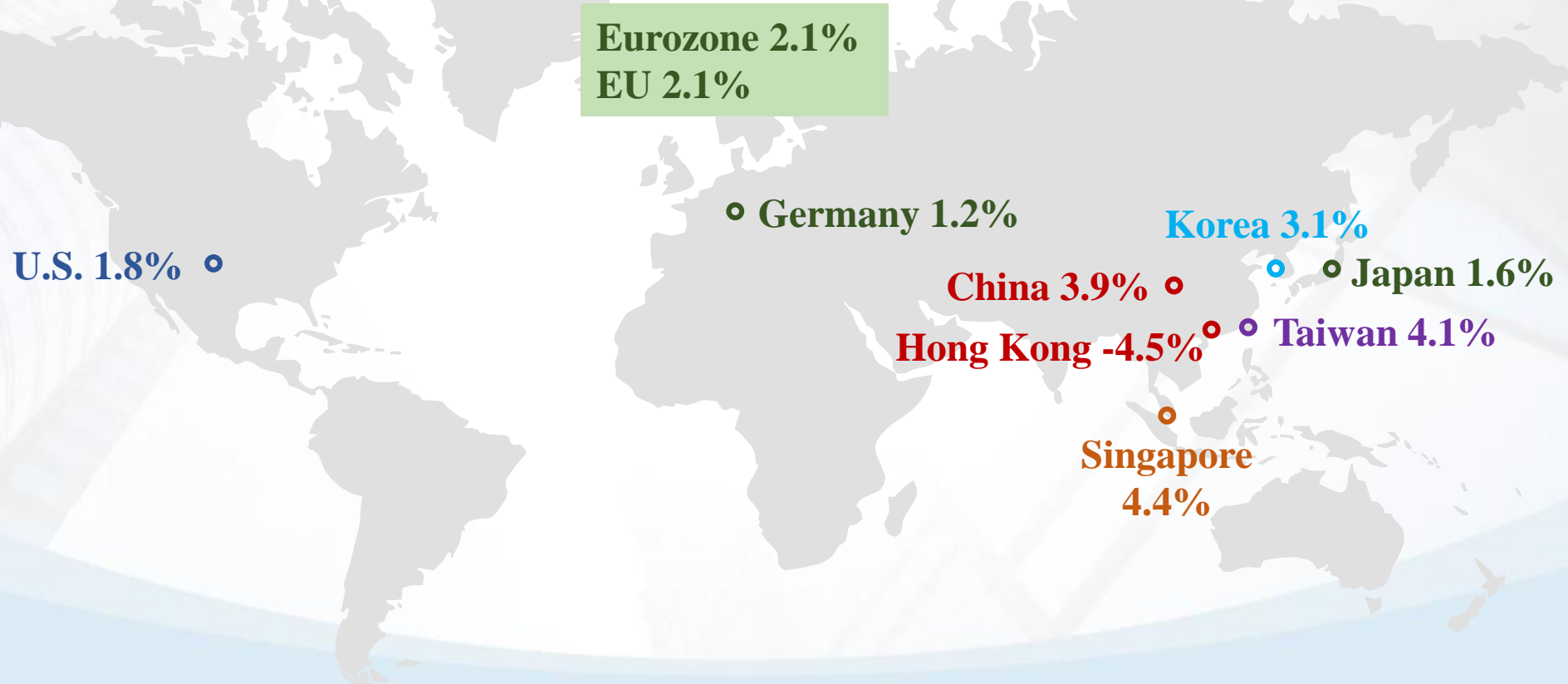
Economic performance in recent turbulent years
- by selected countries (%)

	1997	1998	2008	2009	2020	2021
World	3.64	2.46	1.74	-1.76	-3.27	5.81
United States	4.45	4.48	0.12	-2.60	-3.40	5.67
Eurozone	2.69	2.89	0.33	-4.47	-6.19	5.24
Japan	1.01	-1.32	-1.25	-5.67	-4.56	1.71
South Korea	6.17	-5.13	3.01	0.79	-0.71	4.15
Taiwan	6.05	4.20	0.80	-1.61	3.36	6.57
China	9.25	7.86	9.59	9.44	2.21	8.11

Taiwan's recent economic performance has been relatively steady. (2/4)

Taiwan's economic performance remained steady in the third quarter of 2022.

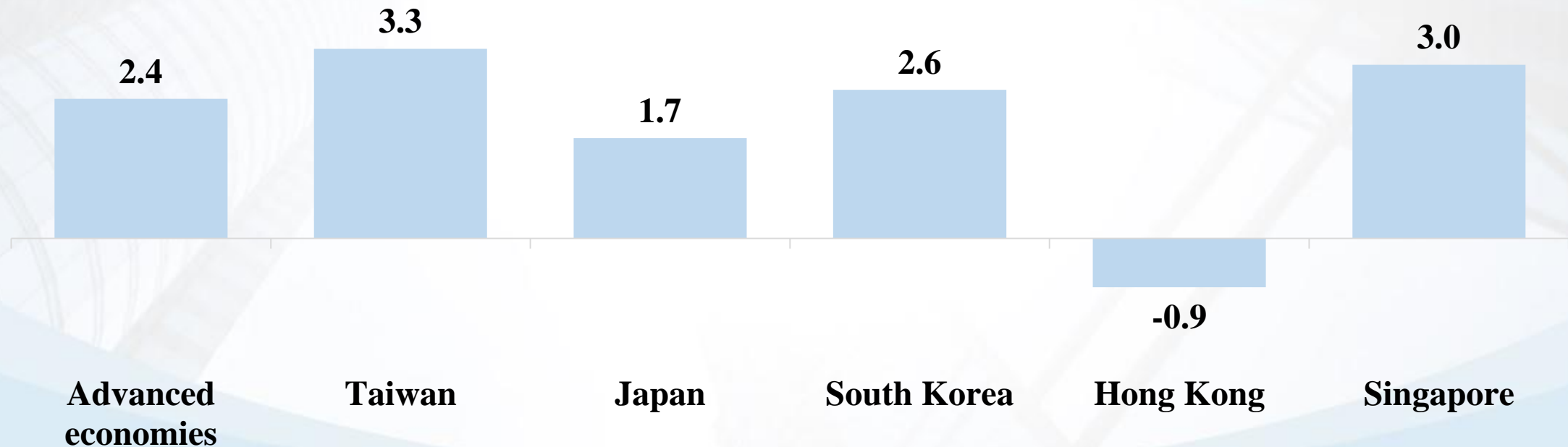
Economic Growth Rates by Economy in the Third Quarter of 2022 (Year-to-Year)



Taiwan's recent economic performance has been relatively steady. (3/4)

Government estimates indicate that Taiwan's economic growth rate for 2022 will be **3.5-3.6%**, slightly higher than the **3.3%** forecast by the IMF in October, showing again that Taiwan's economic performance has been relatively steady among all Asian countries.

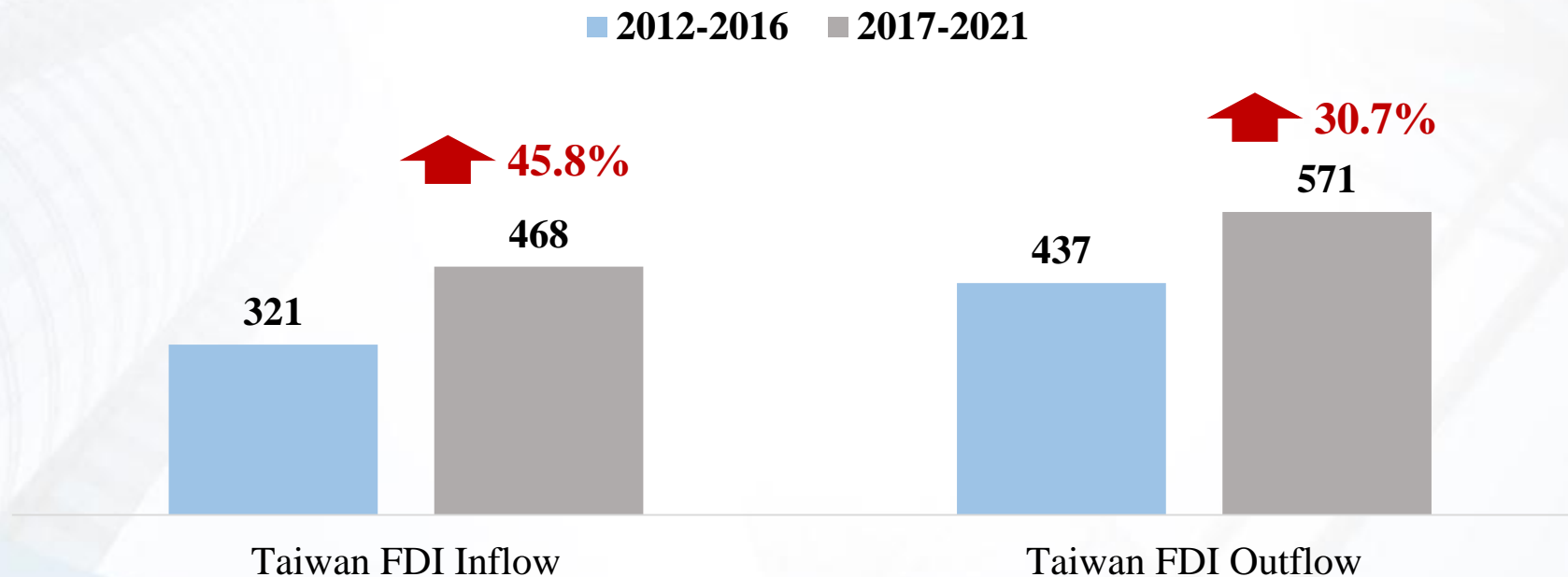
IMF forecasts of economic growth (%) in October



Taiwan's recent economic performance has been relatively steady. (4/4)

Compared to 2012-2016, Taiwan's FDI inflow and outflow over the past five years continue to grow, reflecting widespread trust in Taiwan's economic and trade environment.

Taiwan's investment performance over the past five years (not including China)



The IMD World Competitiveness Ranking of 2022 shows that Taiwan ranks 7th in the world.



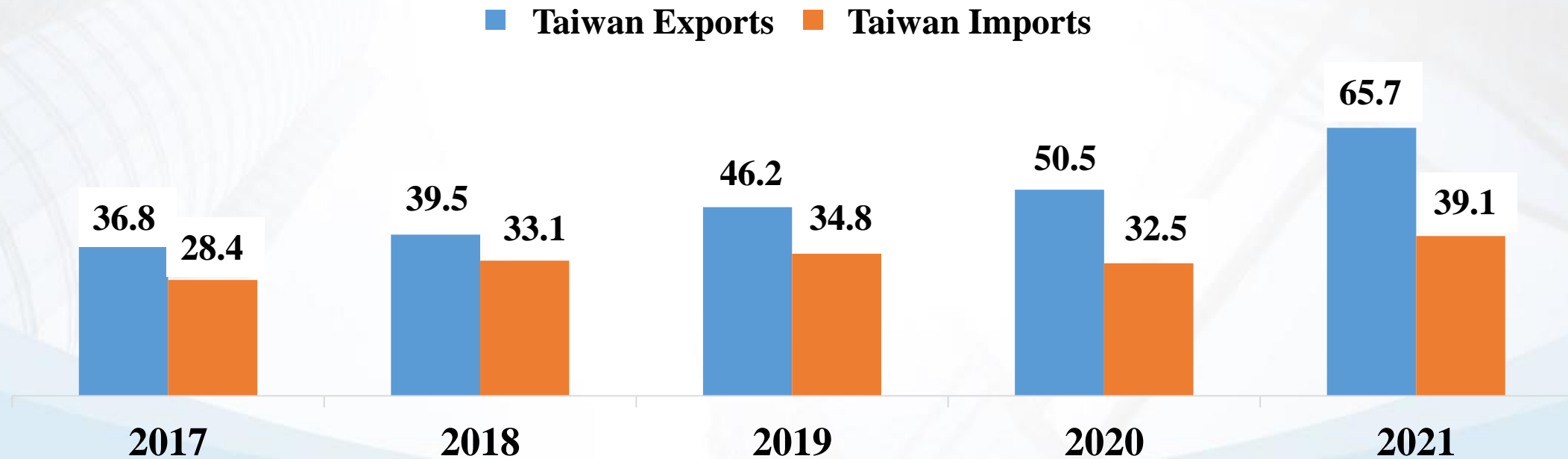
1	Denmark
2	Switzerland
3	Singapore
4	Sweden
5	Hong Kong
6	Netherlands
7	Taiwan
8	Finland
9	Norway
10	USA
11	Ireland
12	UAE
13	Luxembourg

Close economic relations between the U.S. and Taiwan

U.S.-Taiwan trade and investment relations remain close. (1/2)

Taiwan's exports to the U.S. have continued to grow over the past five years, reaching a peak in 2021 (an **annual increase of 29.9%**). Taiwan's imports from the U.S. in 2021 also reached a five-year high (an **annual increase of 20.4%**).

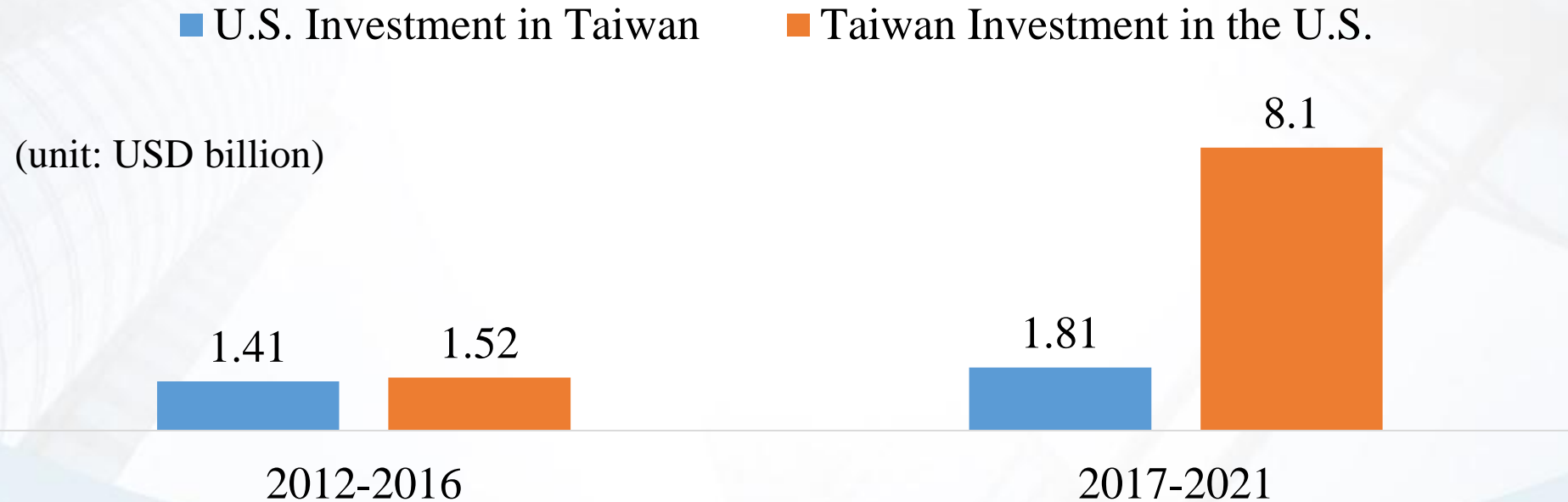
Taiwan's imports and exports to the U.S. over the past five years (unit: USD billion)



U.S.-Taiwan trade and investment relations remain close. (2/2)

Mutual investment between the U.S. and Taiwan over the past five years has increased over that of 2012-2016, with **Taiwan investment in the U.S. growing by 431.8%**.

U.S.-Taiwan bilateral investment before/after 2016



U.S.-Taiwan bilateral relations have grown closer in recent years.



1 More than 200 members of Congress signed letters urging the Biden administration to support the negotiation of a bilateral trade agreement (BTA) with Taiwan as well as its inclusion in the Indo-Pacific Economic Framework (IPEF).

2 In June of 2021, the U.S. donated 25 million doses of COVID-19 vaccine to Taiwan.

3 President Biden signed S-812, a bill to help Taiwan obtain observer status at the World Health Assembly (WHA).

4 President Biden sent Senator Christopher Dodd, one of his best friends, and former Chairman of Joint Chief of Staff Michael Mullen to Taiwan.

Strengthening the U.S.-Taiwan Economic Partnership

Existing collaborative mechanism between the U.S. and Taiwan

- ◆ Economic Prosperity Partnership Dialogue (EPPD)
- ◆ Technology, Trade and Investment Collaboration (TTIC)
- ◆ Trade and Investment Framework Agreement (TIFA)
- ◆ Initiative on 21st-Century Trade

Initiative on 21st-Century Trade

Existing WTO commitments are insufficient to meet the needs of the current global trade landscape

Trade facilitation	Anti-corruption	Environment
Regulatory practices	SMEs	State-owned enterprises
Agriculture	Digital trade	Non-market policies and practices
Standards	Labor	

Goals of 21st century trade initiative (1)

Upgrade trade system, reduce business cost and promote fair competition

1

Harmonize both parties' systems, reduce time and cost to international trade

Trade facilitation

Good regulatory practices

Agriculture

2

Establish fair business environment and collaborate to resist economic coercion as well as distortion

Non-market policies and practices

State-owned enterprises

Anticorruption

3

Respond to 21st century emerging issues and facilitate industry transformation

Digital trade

4

Cooperate to enhance Taiwan's participation in international standards formulation

Standards

Goals of 21st century trade initiative (2)

Promote inclusive and innovative economic growth

5

Support SMEs, women, under-represented and disadvantaged groups in Trade

SMEs

6

Protect workers' right and interest under global economic activities

Labor

7

Cooperate on green economy and global sustainable development

Environment

Conclusion

- ◆ A stronger U.S.-Taiwan economic partnership will not only benefit our two countries but also the international community.
- ◆ Closer economic relations between Taiwan and the United States is essential to bring together like-minded partners who support freedom and democracy.



Thank you!