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## INVEST

### FOREIGN DIRECT INVESTMENT

According to UNCTAD's [World Investment Report 2023](#), FDI flows to Taiwan reached USD 10.1 billion in 2021, up by 88.1% compared to one year earlier. At the end of the same period, the stock of FDI stood at about USD 1137.2 billion, around 18% of the island's GDP. According to MOEA statistics, from January to December 2023, 2,310 foreign direct investment projects were approved, totalling USD 11.25 billion. This represents a 9.98% decrease in the number of projects and a 15.4% decrease in FDI compared to the same period in 2022.

Specifically, inward investment from Mainland China saw 30 approved cases with USD 29.69 million in total for the same period, marking a 34.78% decrease in cases and a 23.34% decrease in FDI compared to 2022. From July 2009 to December 2023, 1,586 cases were approved, amounting to a total investment of USD 2.59 billion. Taiwan was the 18th-largest economy in terms of outward investment in 2022, with FDI outflows totalling USD 16.2 billion (+43.5% y-o-y). Between 2020 and 2023, only 5% of Taiwan's total outbound foreign direct investment (FDI) projects were directed to China, a stark decline from the 42% observed between 2012 and 2015, and the 23% between 2016 and 2019, as reported by fDi Markets. Concurrently, Taiwanese companies amplified their investments in both India and Vietnam, which together accounted for nearly a quarter of total outbound FDI projects during the same period.

Taiwan is an attractive destination for foreign direct investment as its economy benefits from regional economic dynamism, a population with high purchasing power, a strategic location, and the prominence of high-tech. Structural impediments in Taiwan's investment environment encompass excessive or inconsistent regulation, market influence wielded by domestic and state-owned enterprises (SOEs) across utilities, energy, postal, transportation, financial, and real estate sectors, as well as foreign ownership restrictions in sectors considered sensitive. Foreign entities have the right to establish entities, own business enterprises, and participate in all forms of remunerative activity in Taiwan, akin to local firms, unless stipulated otherwise in pertinent regulations. Notably, Taiwan imposes foreign ownership constraints in specific industries, such as a 60% limit on foreign ownership of wireless and fixed-line telecommunications firms, which includes a direct foreign investment cap of 49% in the sector. Taiwan has a thriving business environment: the country ranks 6th in the [World Competitiveness Ranking](#), 4th out of 184 countries on the [2023 Index of Economic Freedom](#), and 20th globally in the [IMD World Talent Ranking 2023](#).

Foreign Direct Investment	2020	2021	2022
<b>FDI Inward Flow</b> <i>(million USD)</i>	6,053	5,416	10,189
<b>FDI Stock</b> <i>(million USD)</i>	110,746	127,065	137,254
<b>Number of Greenfield Investments*</b>	72	81	73
<b>Value of Greenfield Investments (million USD)</b>	3,061	4,649	2,648

Source: UNCTAD - Latest available data.

Note: \* Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Taiwan, China	East Asia & Pacific	United States	Germany
<b>Index of Transaction Transparency*</b>	9.0	5.9	7.0	5.0
<b>Index of Manager's Responsibility**</b>	5.0	5.2	9.0	5.0
<b>Index of Shareholders' Power***</b>	7.0	6.7	9.0	5.0

Source: Doing Business - Latest available data.

Note: \*The Greater the Index, the More Transparent the Conditions of Transactions. \*\*The Greater the Index, the More the Manager is Personally Responsible. \*\*\* The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

## WHAT TO CONSIDER IF YOU INVEST IN TAIWAN, CHINA

### Strong Points

Advantages for FDI in Taiwan include:

- The country has a very internationally oriented economy and the trade balance is largely in surplus
- A strategic geographical location: the country is a gateway to China and to the ASEAN markets
- Taiwan has a large industrial base (being for example the 4th largest electronics producer in the world) and strong R&D capacity (supported by public spending)
- Robust external financial position
- Support for R&D through public expenditure
- The workforce is abundant, skilled and affordable
- The financial markets are booming and present many opportunities for foreign investors.
- Overall, the business environment is very positive and Taiwan ranked in the 15th place in the World Bank's [Doing Business 2020](#) report is a good indication of its strengths.

### Weak Points

With an export-oriented economy, Taiwan is dependent on the global economy and is particularly vulnerable to the development of trade with China and the USA, its main trading partners. Some of the disadvantages for the FDI include :

- Lack of a direct channel of communication with Mainland China
- Reduced size of the domestic market, which considerably limits local opportunities
- Poorly protected intellectual property
- A lack of diversity in the economy (low competitiveness of the services sector for example)
- Delays of infrastructure projects compared to other advanced Asian economies.

### Government Measures to Motivate or Restrict FDI

Taiwan welcomes and actively promotes foreign direct investment. Local authorities offer investment incentives and support to foreign investors in the form of tax incentives, tariff exemptions, low-interest loans, R&D subsidies and other favourable terms.

Current regulations provide preferential tax incentives to foreign professionals employed in Taiwan, and are aimed at improving the overall environment for recruiting and attracting professionals from other countries (Foreign Talent Retention Act). A network of science and industrial parks, export processing zones, and free trade zones has been developed. Furthermore, in 2019 Taiwan launched a reshoring incentive program to attract Taiwan firms operating in mainland China to return to Taiwan, receiving positive responses from ICT manufacturers.

The national agency Invest Taiwan is responsible for promoting investments and acts as a single-window service provider. For investments of over NTD 500 million (around USD 17 million), the authorities will assign a dedicated project manager to the investment process.

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## INVESTMENT OPPORTUNITIES

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### The Key Sectors of the National Economy

Finance, wholesale and retail, and electronics sectors.

### High Potential Sectors

Advanced technology, digital, traditional manufacturing, and services sectors.

### Privatization Programmes

There are no privatization programs in progress. As of 2020, there are **17 state-owned companies** with stakes by the central authorities exceeding 50%. Taiwan authorities retain control over some formerly state enterprises that have been privatized (often through the appointments of the boards of directors), including: Chunghwa Telecom, China Steel, China Airlines, Taiwan Fertilizer, Taiwan Salt, CSBC Corporation (shipbuilding), Yang Ming Marine Transportation, and eight public banks.

In August 2017, Taiwan authorities identified CPC Corporation, Taipower Company, and Taiwan Sugar as their next privatization targets; however, currently there is no timetable for privatising existing state-owned enterprises.

### Tenders, Projects and Public Procurement

[Tenders Info](#), Tenders in Taiwan Province of China  
[Asian Development Bank](#), Procurement Plans in Asia  
[DgMarket](#), Tenders Worldwide

## Sectors Where Investment Opportunities Are Fewer

### Monopolistic Sectors

Some of the 17 existing state-owned companies are large in scale and exert significant influence in their industries, especially monopolies such as Taiwan Power (Taipower) and Taiwan Water. Furthermore, CPC Corporation (formerly China Petroleum Corporation) controls over 70% of Taiwan's gasoline retail market.

### Sectors in Decline

Agri-food and cheap textiles (due to the competition from the Chinese workforce).

## **Finding Assistance For Further Information**

### **Investment Aid Agency**

[Invest Taiwan \(Ministry of Economic Affairs\)](#)

### **Other Useful Resources**

[Ministry of Economic Affairs](#)

[Taiwan External Trade Development Council](#)

### **Doing Business Guides**

[Doing Business in Taiwan Guide \(Thomson Reuters\)](#)

[Doing Business in Taiwan - World Bank](#)

[Doing Business in Taiwan - UHY](#)