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Inward FDI in Taiwan and its policy context

by

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Taiwan has long maintained an explicit policy of attracting inward foreign direct investment (IFDI) as part of its growth strategy, although inflows have been subject to various restrictions. The primary objective of Taiwan's stance toward FDI was initially to attract export-oriented investment based upon the competitiveness of its highly educated and productive labor force. More recently, this objective has been modified to focus on attracting FDI into increasingly technology-intensive areas and to encourage or promote domestic technological spillovers. In recent years, although Taiwan's IFDI stock has more than tripled, from US\$ 20 billion in 2000 to US\$ 64 billion in 2010, it remains a relatively small recipient compared with its neighboring economies in the Asia-Pacific region. Annual IFDI flows to Taiwan have been in single-digit US\$ billion during 2000-2010, with a peak of US\$ 7 billion in 2007 followed by a steady decline during 2008-2010. In 2010, Taiwan received inward FDI of US\$ 2 billion only. It is, however, generally seen that the release of prohibition against mainland China investors on June 30, 2009, and the newly signed landmark cross-strait Economic Cooperation Framework Agreement (ECFA) on June 30, 2010 will reinforce Taiwan's robust investment climate and stimulate IFDI.

Trends and developments

Country-level developments

The modern economic development of Taiwan can be traced back to the end of the 50-year occupation by Japan in 1945 and, more importantly, the arrival of the KMT (Kuomintang or Chinese Nationalist Party) under Chiang Kai-Shek from the Chinese mainland in 1949, after its

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defeat during the Chinese Civil War fought against the Communist Party of China (CPC, also known as CCP - Chinese Communist Party) led by Mao Zedong. The KMT swiftly gained political and economic control over Taiwan, and turned the substantial Japanese-owned industrial assets into a dominant public sector. Since then, Taiwan's economy has been developing separately from China, and back toward a closer economic relationship with Japan and, increasingly, with the United States.

Inward foreign direct investment (IFDI) in Taiwan has risen steadily since the early 1950s, when Taiwan introduced a series of tax benefits for foreign investors and began supporting export processing zones. Substantial capital inflows were also forthcoming from the United States, in the form of finance, plant and goods, as part of its Cold War policy of supporting anti-communist regimes. As the driving force of Taiwan's economy shifted gradually from export-oriented industrialization in the 1960s and 1970s to capital- and technology-intensive industries in the 1980s and 1990s, IFDI has increased further.

In recent years, although Taiwan's IFDI stock has more than tripled from US\$ 20 billion in 2000 to US\$ 64 billion in 2010, it remains a relatively small IFDI recipient vis-à-vis some of its comparator economies in the Asia-Pacific region (annex table 1). In 2010, for instance, IFDI stock reached US\$ 215 billion in Japan, US\$ 127 billion in the Republic of Korea, US\$ 101 billion in Malaysia, US\$ 470 billion in Singapore, and US\$ 127 billion in Thailand. Indeed, although Taiwan has a much larger GDP (US\$ 430 billion in 2010) than Malaysia (US\$ 238 billion), Thailand (US\$ 319 billion) and Singapore (US\$ 228 billion), its annual IFDI flow is the smallest among the four.¹ The recent, smaller amount of IFDI can partly be attributed to lower labor costs in China and some of the ASEAN countries, which are apparently more attractive for foreign manufacturers, and the huge market potential of China which has diverted certain investments previously targeting Taiwan. However, more empirical evidence is required to substantiate these explanations for Taiwan's relative IFDI position in recent years.

Annual IFDI flows in Taiwan have been in single-digit US\$ billion during 2000-2010 (annex table 2). In 2000, they reached US\$ 5 billion (higher than in any year since 1970),² of which a portion was aimed at the market opportunities brought by the deregulation of the Taiwanese telecommunication industry. There was a trough in 2002-2003 after the SARS epidemic and 9/11, and a peak in 2006-2007 due to several large investments by foreign multinational enterprises (MNEs) such as Phillips, and private equity firms, including the Carlyle Group, Macquarie Bank, MBK Partners, and Newbridge Asia. Flows fell again in 2008-2010, following the global financial and economic crisis. However, IFDI in Taiwan is expected to increase in 2011, largely because of the Economic Cooperation Framework Agreement (ECFA) between China and Taiwan signed on June 29, 2010.³ This agreement, which was seen as the most significant agreement since the two sides split after the Chinese Civil War in 1949, will boost bilateral trade between the two by relaxing tariffs and other trade barriers for 539 Taiwanese products and 268

¹ UNCTAD, *World Investment Report 2011, Non Equity Modes of International Production and Development*, (New York and Geneva: United Nations, 2011), available at www.unctad-docs.org/UNCTAD-WIR2011-Full-en.pdf.

² According to UNCTAD statistics, available at: www.unctadstat.unctad.org/ReportFolders/reportFolders.aspx.

³ The agreement details are available at:

http://www.moea.gov.tw/Mns/populace/news/News.aspx?kind=1&menu_id=40&news_id=19723.

products from mainland China. As a result, many MNEs see Taiwan as a new springboard into the mainland Chinese market, as both sides share similar cultures and a common language, Mandarin. Survey results published in 2010 indicate that 29% of foreign services firms and 25% of non-services firms in Taiwan expect an increase in Taiwan's IFDI, and 37% of foreign services firms and 36% of non-services firms in Taiwan foresee more collaborations between foreign firms and Taiwanese firms to explore market opportunities in China after the inauguration of ECFA.⁴ In addition, a more mature market environment with highly educated workers could give an advantage to Taiwan as a place for MNEs to set up regional research and development (R&D) centers. For example, in the first half of 2010, before the ECFA was signed, there were no new applications recorded in Taiwan for setting up a foreign-owned R&D center (although earlier there have been several R&D centers established by MNEs such as Microsoft), whereas in the second half of 2010, over US\$ 400 million were invested in setting up R&D centers by MNEs such as ASML (Netherlands), IMEC (Belgium), HP (United States), and ELPIDA (Japan), amongst others.

In terms of sectoral and industrial distribution, IFDI in Taiwan has been concentrated in manufacturing and in finance and insurance, which together accounted for 74% of FDI inflows in 2010 (annex table 3). Between 2000 and 2009, IFDI in the manufacturing sector has been consistently around 20% of inflows, but rose to over 35% in 2010, largely because of the ECFA, as discussed above. Electronic parts and components accounted for the largest proportion of manufacturing IFDI, attracting around a quarter of the total in 2010 as well as 2009 and 2010 (annex table 3). Changes in the shares of pulp, paper and paper products, chemical products, and fabricated metal products in manufacturing FDI have been striking: The percentage of manufacturing IFDI in pulp, paper and paper products grew from 1% in 2009 to 11% in 2010, and the percentage in chemical products increased from 1% in 2009 to 9% in 2010; however, the percentage in fabricated metal products decreased from 32% in 2009 to 10% in 2010.

Geographically, excluding tax haven sources such as British Virgin Islands (BVI), Taiwan's IFDI sources since 2000 have been concentrated in Asia and Europe, notably Japan, United Kingdom and the Netherlands (annex table 4). Specifically, in 2010, 17% of IFDI flows were from the United Kingdom, 11% from Netherlands and 10% from Japan. Furthermore, after Taiwan released its prohibition against FDI from mainland China on June 30, 2009, the latter's FDI flows to Taiwan reached US\$ 37 million between July 1, 2009 and December 31, 2009. In 2010, China became the fourth largest Asian source economy for FDI in Taiwan, with flows of US\$ 94 million, following Japan, Hong Kong (China) and Singapore.

It has been argued that the role of foreign MNEs, whether through FDI or technology transfer arrangements, has declined in Taiwan since 1990 in terms of output, exports and employment.⁵ The principal explanations proposed for this decline in the importance of FDI inflows in Taiwan relates to the dynamic growth of domestic enterprises in high-technology industries, such as

⁴ The Investment Commission, Taiwan, *Survey report on the performance of foreign/overseas Chinese invested firms*, conducted by the Chung-Hua Institute for Economic Research and published by the Investment Commission, Taiwan, 2010.

⁵ Y. Okamoto, "Does ownership matter? The changing roles of FDI in the Taiwan's manufacturing sector", APEC discussion paper series No. 30, APEC Study Centre, Graduate School of International University, Nagoya University (2001).

electronics, based upon domestic R&D and human capital together with technological spillovers from existing foreign firms. It is not clear, given the increasing volume of FDI inflows, whether this conclusion is strictly true, and it must await further research and empirical verification.

The corporate players

According to China Credit Information Service Ltd, the largest five foreign affiliates by sales in Taiwan in 2009 were Nan Shan Life Insurance, Taiwan Toshiba International Procurement, Samsung Electronics Taiwan, Allianz Taiwan Life Insurance, and Texas Instruments Taiwan (annex table 5). They contributed US\$ 46 billion in sales in 2009, accounting for 72% of the total sales of the top 20 foreign affiliates in Taiwan. These top 20 players are distributed among financial and insurance services, wholesale and retail trade, and manufacturing (with a concentration in computers, and electronic and optical products). Geographically, the home economies of the parent firms of the largest 20 include United States (6 affiliates), Japan (6), Netherlands (2), France (2), Germany (1), and the Republic of Korea (1).

Among the top 20 players in 2009, foreign affiliates in wholesale and retail trade and financial insurance, such as Presicarre (a joint venture between Taiwan's Uni-President and Carrefour from France), Nan Shan Life Insurance Corporation (at that time an affiliate of the AIG Group from the United States; AIG has sold a 97.57% stake in Nan Shan LIC to Ruen Chen Investment Holding of Taiwan in January, 2011), Costco President Taiwan (a joint venture between Taiwan's Uni-President and Costco from the United States), and Metlife Taiwan Insurance, each have several branches in Taiwan (annex table 5). In the manufacturing industry, Texas Instruments Taiwan, Kuozui Motors (a joint venture of Taiwan's Hotai Motor and Toyota from Japan), Garmin, China American Petrochemical, NXP Semiconductors, and Philips and Lite-on Digital Solution all have manufacturing facilities in Taiwan. Procurement and sales activities are the major operations of several affiliates of foreign technology firms in Taiwan, including Taiwan Toshiba International Procurement, Samsung Electronics Taiwan, Panasonic Industrial Sales, Toshiba Digital Media Network Taiwan, Sony Taiwan, Toshiba Electronics Taiwan, and General Instrument of Taiwan.

Cross-border mergers and acquisitions (M&As) have been an important mode of FDI in Taiwan during 2008-2010. Among the largest 30 M&A deals in that period, 13 had a transaction value exceeding US\$ 100 million, and 11 involved majority control (over 50% shareholding) of their acquisitions. These deals were concentrated in manufacturing and finance. A notable pattern is that most of these M&As involved MNEs from within the region: 19 were from Asia, including nine from Japan. The largest deal by transaction value was the US\$ 661 million acquisition of 91% equity of Phoenixtec Power Co, Ltd. by United States-based Eaton Corp.

In comparison, top greenfield investors during 2008-2010 mainly came from non-Asian source economies, notably United States (13 out of the largest 30 greenfield investments were from the United States) (see annex table 7). These investments were primarily in manufacturing and construction. The largest greenfield investment project was United States-based Qualcomm's US\$ 2 billion investment in a new manufacturing facility for electronic components in August 2010. Among the largest greenfield projects, one notable example is SAIC Chery Automobile's US\$ 88 million investment in a new design, development and testing centre in November 2009,

the largest greenfield investment from mainland China since mainland Chinese investors were allowed to invest in Taiwan since June 30, 2009.

Effects of the recent global crises

The global financial and economic crises hit Taiwan's IFDI badly. As noted, IFDI flows dropped steadily during 2008-2010. According to the Investment Commission of Taiwan, in 2008, approved IFDI decreased by 46% from US\$ 15.4 billion in 2007 to US\$ 8.2 billion in 2008, and dropped again in 2009 by 42% to US\$ 4.8 billion. However, the number of investment projects approved did not drop as fast in 2009—the Investment Commission approved 1,711 investment projects in 2009, a 7% decrease compared with 1,845 projects in 2008.

As the global economy gradually stabilized in 2010, Taiwan has also gradually recovered from the crisis. Its economy has taken off in the first half of 2010, averaging year-on-year growth of 14% in the first quarter and 13% in the second quarter.⁶ As mentioned, Taiwan's ECFA with China came into effect on September 12, 2010, further boosting the island's already-bright economic prospects for the rest of 2010, and the rate of economic growth in 2010 as a whole reached 10%.⁷ IFDI to Taiwan has also improved consequently. The number of investment projects approved by the Investment Commission increased by 19%, reaching 2,042. Nonetheless, the total value of approved projects dropped again to US\$ 3.8 billion, a 21% decrease compared to that of 2009. It appears that more firms were interested in investing in Taiwan, but the average size of investments shrank. The diminishing size may be attributed to investing firms' prudence in response to the uncertainty of global economic recovery, but this conclusion requires further verification.

The policy scene

Taiwan has long maintained an explicit policy of attracting IFDI as part of its growth strategy, although FDI inflows have been subject to various restrictions. The primary objective of Taiwan's stance toward FDI was initially to attract export-oriented investment based upon the competitiveness of its highly educated and productive labor force. More recently, this objective has been modified to focus on attracting FDI increasingly into technology-intensive areas and to encourage or promote domestic technological spillovers. As part of its efforts to improve the investment climate, Taiwan no longer has a list of permitted investments, but maintains a negative list of industries closed to foreign investment for security and environmental protection reasons. Liberalization has reduced that list to less than 1% of manufacturing categories and less than 5% of service industries.⁸

Taiwan has been gradually relaxing restrictions on investments from mainland China. In 2009, Taiwan launched the first phase of opening up to Chinese investment. Under the new policy, Taiwan opened 64 sectors in manufacturing, 117 in services and 11 in public construction. Under the "Regulations Governing Permission for People from the mainland Area to Invest in Taiwan,"

⁶ Data from the Directorate General of Budget, Accounting and Statistics, Executive Yuan, Taiwan, available at: <http://eng.dgbas.gov.tw/mp.asp?mp=2>

⁷ Ibid.

⁸ Okamoto, *op.cit.*

mainland entities and foreign companies in which mainland entities have over 30% shares must first obtain permission before establishing a presence in Taiwan or to hold shares in a Taiwanese company. The Taiwan authorities may also prohibit or restrict investment from mainland Chinese enterprises that have military shareholders or have a military purpose, that would be of a monopolistic nature, that would influence national security, or that would "do harm to domestic economic development." As of November 2010, Taiwan approved 99 investment applications from mainland China totalling US\$ 131 million. In the banking industry, two Chinese banks established representative offices in Taiwan in October 2010, and one more bank has been approved by Taiwan's financial regulator to do so. The two mainland banks are limited to conducting only non-profit business activities before receiving permission to apply to establish branches.⁹ It is generally expected that FDI in Taiwan will continue to rise and that a robust investment climate will prevail in the years to come, thanks to the opening up to Chinese FDI, the ECFA with China signed on June 30, 2010, and a reduction of business income tax from 25% to 17% in 2011.¹⁰

Taiwan is not a member of the International Centre for Settlement of Investment Disputes, established by the World Bank to provide arbitration and conciliation services for governments and foreign investors. Foreign investment disputes with the Taiwan authorities are not common. Normally, Taiwan resolves disputes according to domestic laws and regulations, based on national treatment or investment guaranty agreements. These processes are quite transparent and effective —The World Economic Forum (WEF) ranks Taiwan 5th for “transparency of government policymaking” and 44th for “transparency of government policymaking” out of 142 economies in the world.¹¹ As of December 31, 2011, Taiwan has signed bilateral investment agreements with 30 economies (28 in force),¹² and double taxation agreements with 23 economies (all in force).¹³

The Taiwan authorities have also put significant efforts into policy formulation and implementation. For example, drawing upon information from the World Bank’s annual *Ease of Doing Business* report, they reviewed and improved policies, regulations and administrative measures since 2008. The initiatives led to major reforms, including the amendment of the Company Act in 2009 to abolish the minimum capital requirement for start-ups, and amendments of the Income Tax Act in 2009 and 2010 to reduce business income tax to a flat rate of 17%. At the same time, the administrative procedures were simplified for starting a business and paying taxes, corporate governance was reinforced and minority shareholder protection was enhanced, further to improve the investment environment. Several amendments of the Company Act are undergoing changes through the legislative process to impose regulation of shadow directors,

⁹ *China Review News*. The news in Chinese is available at:

<http://www.chinareviewnews.com/doc/1014/7/5/2/101475212.html?coluid=7&kindid=0&docid=101475212>

¹⁰ PricewaterhouseCoopers China, *Asia Pacific Tax Notes of Taiwan*, June 2011, available at:

http://www.pwccn.com/webmedia/doc/634435862895949113_aptn_jun2011_tw.pdf.

¹¹ World Economic Forum, *The Global Competitiveness Report, 2011-2012* (Geneva: World Economic Forum, 2011), available at: www.weforum.org/reports

¹² Department of Investment Services, Taiwan. Details are available at:

http://www.dois.moea.gov.tw/asp/relation1_1_3.asp.

¹³ Taiwan, Taxation Agency, available online at:

<http://www.dot.gov.tw/en/home.jsp?mserno=200912160006&serno=200912160009&menudata=EnMenu&contlink=content/roc.jsp&level2=Y>

enforce disgorgement of unlawful profits by directors, obligate directors to, in board meetings, reveal their personal interests involved in the company's transactions, and grant minority shareholders the right to designate a competent authority to perform an examination of company records.¹⁴ A dedicated CSR website¹⁵ helps Taiwanese firms to improve their practices of corporate social responsibility.

Conclusions

Taiwan remains a moderate recipient of IFDI in the East Asian region. IFDI is concentrated in manufacturing, finance and insurance services. As Taiwan gradually recovers from the effects of the global financial crisis, an increasing number of firms show interest in investing in Taiwan, but with shrinking average size of investments. Taiwan has gradually liberalized its regulations with respect to IFDI. In particular, it is generally expected that investors from mainland China will stimulate IFDI.

Additional readings

Robert Read, "*Foreign direct investment & the growth of Taiwan & Korea.*" Paper presented at the IBRG Country Case Studies Conference, Grange-over-Sands, 12-14 September 2002.

U.S. Department of State, *2011 Investment Climate Statement: Taiwan* (Washington D.C.: United States Department of State, 2011), available at: <http://www.state.gov/e/eeb/rls/othr/ics/2011/157367.htm>

Useful websites

For FDI statistics, policy and regulation: Taiwan, Investment Commission, available at: <http://www.moeaic.gov.tw/>.

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¹⁴ Council for Economic Planning and Development (CEPD), available at: <http://www.cepd.gov.tw/encontent/m1.aspx?sNo=0013554>

¹⁵ The web site is at <http://csr.moea.gov.tw/main.aspx>

development. Its objectives are to analyze important topical policy-oriented issues related to FDI and to develop and disseminate practical approaches and solutions. (www.ycc.columbia.edu)

Statistical annex

Annex Table 1. Taiwan: inward FDI stock, 2000, 2010

(US\$ billion)

Economy	2000	2010
Taiwan	20	64
Memorandum : comparator economies		
China	193	579
Singapore	111	470
Japan	50	215
Korea, Republic of	44	127
Thailand	30	127
Malaysia	53	101

Source: UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org/fdi/>.

Annex table 2. Taiwan: inward FDI flows, 2000-2010

(US\$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Taiwan	5	4	1	0.5	2	2	7	8	5	3	2
Memorandum : comparator economies											
China	40	47	53	54	61	72	73	84	108	95	106
Singapore	16	15	6	12	21	15	29	37	9	15	39
Malaysia	4	0.6	3	2	5	4	6	9	7	1	9
Korea, Republic of	9	4	3	4	9	7	5	3	8	8	7
Thailand	3	5	3	5	6	8	10	11	8	5	6
Japan	8	6	9	6	8	3	-7	23	24	12	-1

Source: UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org/fdi/>.

Annex table 3. Taiwan: sectoral distribution of inward FDI flows, 2000, 2009 and 2010

(US\$ million)

Sector/industry	2000	2009	2010
All sectors	7,607.8	4,797.9	3,811.6
Primary	0.6	2.8	4.8
Agriculture, forestry, fishing and animal husbandry	0.2	2.2	4.1
Mining and quarrying	0.4	0.6	0.7
Secondary	2,075.6	1,019.5	1,396.8
Manufacturing	1,743.1	990.6	1,321.0
Food	45.0	106.2	12.6
Beverages	36.5	0.2	0.7
Tobacco	0.0	0.0	0.0
Textiles mills	20.0	16.4	5.9
Wearing apparel and clothing accessories	1.0	1.5	3.4
Leather, fur and related products	16.9	5.1	2.2
Wood and bamboo Products	0.0	0.0	2.3
Pulp, paper and paper products	45.5	9.1	148.3
Printing and reproduction of recorded media	1.3	9.2	3.1
Petroleum and coal products	4.6	0.0	0.5
Chemical material	53.8	59.7	100.5
Chemical products	80.4	5.5	120.7
Medical goods	7.2	31.8	24.2
Rubber products	0.6	0.0	3.3
Plastic products	10.6	28.9	43.4
Non-metallic mineral Products	83.1	31.3	8.4
Basic metal	8.8	0.3	23.8
Fabricated metal products	71.1	321.1	133.1
Electronic parts and components	465.0	243.8	351.2
Computers, electronic and optical Products	617.7	54.9	52.1
Electrical equipment	74.4	41.2	103.7
Machinery and equipment	66.4	19.6	61.8
Motor vehicles and parts	18.5	2.2	15.8
Other transport equipment	8.0	0.1	63.1
Furniture	2.7	0.7	1.0
Industrial machinery and equipment	0.0	0.0	0.6
Not elsewhere classified	3.9	1.7	35.0
Electricity and gas supply	69.6	1.2	22.4
Water supply and remediation services	8.8	3.2	17.6
Construction	254.2	24.4	35.8
Services	5,531.6	3,775.6	2,409.9
Wholesale and retail Trade	990.6	660.5	388.0
Transportation and storage	60.8	30.6	29.8
Accommodation and food services	72.8	32.4	11.5
Information and communication	2,048.0	52.0	86.0
Financial and insurance	2,088.6	2,235.6	1,514.9
Real estate	130.0	251.5	136.1
Professional, scientific and technical Services	104.8	80.2	110.0
Support services	25.1	16.0	41.8
Public administration and defence; compulsory social security	0.0	0.0	0.0
Education	0.0	2.1	1.8
Human Health and Social Work Services	1.2	0.0	0.7

Arts, Entertainment and Recreation	9.1	0.2	0.7
Other Services	0.6	414.5	88.6

Source: Taiwan, Investment Commission, available at: <http://www.moeaic.gov.tw/>.

Notes: The totals in Annex table 3 and Annex table 4 are different from the flow figures in Annex table 2. The reason is that the data in Annex table 3 and Annex table 4 are based on approved projects (the figure cited for the value of approved projects in 2010 in the second paragraph under “Effects of the recent crises” is the same as that given here), which is provided by the Investment Commission, Taiwan, while the UNCTAD data in Annex table 2 refer to balance-of-payments data on flows, which is equivalent to the data provided by the regional office of the Central Bank in Taiwan.

Annex table 4. Taiwan: geographical distribution of inward FDI flows, 2000, 2009, 2010

(US\$ million)

Economy/region	2000	2009	2010
World	7,607.8	4,835.4	3,905.9
Developed economies			
Europe	1,119.6	2,070.3	1,147.8
France	28.1	159.5	40.7
Germany	97.0	34.1	33.0
Netherlands	311.0	991.5	427.0
United Kingdom	683.6	885.2	647.1
North America	0.0	0.0	0.0
Canada	7.8	7.2	5.9
United States	1,328.6	264.3	319.2
Other developed economies			
Australia	46.1	4.4	7.8
Japan	732.9	239.0	400.5
New Zealand	0.2	0.0	3.3
Developing economies			
Africa	10.1	53.1	33.0
Asia and Oceania	0.0	0.0	0.0
Asia	1,671.3	743.3	562.6
China ^a	0.0	37.5	94.3
Hong Kong, China	270.6	277.3	168.4
India	0.4	1.6	1.8
Indonesia	1.2	1.1	1.1
Korea, Republic of	21.8	19.8	23.0
Malaysia	68.5	293.6	53.1
Philippines	0.5	3.3	5.2
Singapore	1,296.9	66.2	123.5
Thailand	9.5	0.7	2.0
Vietnam	0.0	0.1	50.3
Others	1.9	42.2	39.9
Oceania	16.7	239.6	246.1
Samoa	7.6	228.2	242.5
Others	9.1	11.4	3.6
Europe	93.8	14.7	82.8
Czech Republic	0.0	0.0	0.1
Others	93.8	14.7	82.7
Latin America and the Caribbean	2,560.9	1,154.2	1,064.5
Bermuda	250.1	34.5	3.7
Brazil	0.0	0.7	0.2
British Overseas Territories in the Caribbean	2,299.9	1,102.9	1,059.2
Panama	11.0	16.2	1.4

Source: Taiwan, Investment Commission, available at: <http://www.moeaic.gov.tw/>.

^a FDI from China was prohibited before June 30, 2009.

Annex table 5. Taiwan: principal foreign affiliates in economy, ranked by value of sales, 2009

Rank	Name of affiliate	Sector/industry	Source economy	Sales (US\$ million) ^a	No. of branches in Taiwan
1	Nan Shan Life Insurance Co., Ltd.	Financial and insurance	United States	13,720	24
2	Taiwan Toshiba International Procurement Corp.	Wholesale and retail trade	Japan	12,939	1
3	Samsung Electronics Taiwan Co., Ltd.	Manufacturing, computers, electronic and optical products	Korea, Republic of	11,112	1
4	Allianz Taiwan Life Insurance Co., Ltd.	Financial and insurance	Germany	4,746	1
5	Texas Instruments Taiwan Ltd.	Manufacturing, computers, electronic and optical products	United States	3,222	4
6	Presicarre Corporation	Wholesale and retail trade	France	1,944	63
7	Kuozui Motors, Ltd.	Manufacturing, motor vehicles and parts	Japan	1,859	3
8	Panasonic Industrial Sales (Taiwan) Co., Ltd.	Wholesale and retail trade	Japan	1,659	1
9	Toshiba Digital Media Network Taiwan Corporation	Wholesale and retail trade	Japan	1,646	1
10	Sony Taiwan Limited	Wholesale and retail trade	Japan	1,304	1
11	CardifAssure Ance Vif, Taiwan Brance	Financial and insurance	France	1,284	1
12	Garmin Corp.	Manufacturing, computers, electronic and optical products	United States	1,219	3
13	China American Petrochemical Co., Ltd.	Manufacturing, petroleum and coal products	United Kingdom	1,001	3
14	NXP Semiconductors Taiwan Ltd.	Manufacturing, electronic parts and components	Netherlands	984	2
15	Toshiba Electronics Taiwan Corp.	Wholesale and retail trade	Japan	976	2
16	Costco President Taiwan Inc.	Wholesale and retail trade	United States	846	8
17	Philips and Lite-on Digital Solution Corporation	Wholesale and retail trade	Netherlands	840	1
18	Metlife Taiwan Insurance Company Limited	Financial and insurance	United States	802	4
19	General Instrument of Taiwan, Ltd.	Manufacturing, electronic parts and components	United States	789	1
20	New York Life Insurance Taiwan Corporation	Financial and insurance	United States	745	23

Source: TOP5000 -The Largest Corporations in Taiwan (2009), published by China Credit Information Service, LTD.; and the authors, based on information from individual companies' web sites.

^a Values in New Taiwan Dollars, converted into US dollars at an exchange rate of US\$ 1= NTD 31.9.

Annex table 6. Taiwan: top cross-border M&A deals completed, by inward investing firm, 2008-2010

Year	Acquiror company	Home economy	Target company	Target industry	% of Shares acquired	Value of transaction (US\$ million)
2010	ANZ Banking Group Ltd	Australia	RBS-Asian Ret Bkg Ops	Banks	100.0	550.0
2010	AI Beverage Holding Co Ltd	Japan	Ting Hsin (Cayman Islands) Hldg	Offices of holding companies	6.5	520.0
2010	Marubeni Corp	Japan	Hsin Tao Power Corp	Electric services	62.0	321.8
2010	Daiwa Quantum Capital Partners	Japan	Alchip Technologies Ltd	Semiconductors and related devices	11.0	15.6
2010	Ampower Holding Ltd	Cayman Islands	Jetronics International Corp	Offices of holding companies	51.1	14.8
2010	Fanuc Ltd	Japan	TATUNG FANUC ROBOTICS CO	Industrial machinery and equipment	50.0	14.2
2010	GS Yuasa International Ltd	Japan	Ztong Yee Industrial Co Ltd	Storage batteries	20.0	13.4
2010	JobStreet Corp Bhd	Malaysia	104 Corp	Information retrieval services	3.4	9.4
2010	Jochu Investment Ltd	British Virgin Islands	Hohsin International Co Ltd	Offices of holding companies	100.0	9.1
2010	Investor Group	United Kingdom	Evervision Electronics Co Ltd	Electronic components	24.5	5.4
2009	Cabot Microelectronics Corp	United States	Epoch Material Co Ltd	Industrial inorganic chemicals	100.0	66.0
2009	Prudential PLC	United Kingdom	China Life Insurance Co Ltd	Life insurance	10.0	64.9
2009	CPF Investment Ltd	Thailand	Charoen Pokphand Entrp(Taiwan)	Prepared animal feeds, except for dogs and cats	32.4	24.1
2009	HSBC Private Equity(Asia)Ltd	Hong Kong, China	Comestibles Master Co Ltd	Eating places	7.0	20.0
2009	TPV Technology Ltd	Hong Kong, China	Koninklijke Philips-Asts	Electronic components	100.0	15.2
2009	Jochu Investment Ltd	British Virgin Islands	Darwin Precisions Corp	Electronic components	6.8	10.4
2009	Manz Automation AG	Germany	Manz Intech Machines Co Ltd	Special industry machinery	19.9	6.9
2009	Key ASIC Bhd	Malaysia	Gateway Silicon Inc	Semiconductors and related devices	89.8	4.7
2009	JobStreet Corp Bhd	Malaysia	104 Corp	Information retrieval services	5.4	4.0
2009	Undisclosed Acquiror	Unknown	Jui Lung Intl Dvlp Co Ltd	Land subdividers and developers, except cemeteries	99.9	3.9
2008	Eaton Corp	United States	Phoenixtec Power Co Ltd	Power, distribution, and specialty transformers	91.0	661.1
2008	Itochu Corp	Japan	Ting Hsin (Cayman Islands) Hldg	Offices of holding companies	14.0	520.0
2008	Micron Technology Inc	United States	Inotera Memories Inc	Semiconductors and related devices	35.6	400.0
2008	MKOF	Korea, Rep. of	Taiwan Broadband Commun Ltd	Cable and other pay television services	60.0	364.6
2008	Dai-ichi Mutual Life Insurance	Japan	Shin Kong Finl Hldg Co Ltd	Security and commodity services	8.9	242.7

2008	Dai-ichi Mutual Life Insurance	Japan	Shin Kong Finl Hldg Co Ltd	Security and commodity services	4.6	215.8
2008	Government of Singapore Invest	Singapore	Taimall Development Co Ltd	Operators of non-residential buildings	90.0	205.2
2008	Itochu Corp	Japan	Ting Hsin (Cayman Islands) Hldg	Offices of holding companies	6.0	189.8
2008	Hynix Semiconductor Inc	Korea, Rep. of	ProMos Technologies Inc	Semiconductors and related devices	8.6	110.3
2008	Investor Group	Singapore	Hansen Ltd	Investors	n.a.	102.0

Source: The authors, based on Thomson ONE Banker, Thomson Reuters.

Annex table 7. Taiwan: top greenfield projects announced, by inward investing firm, 2008-2010

Year	Investing company	Home economy	Industry	Business activity	Value (US\$ Million)
2010	Qualcomm	United States	Electronic components	Manufacturing	2,000.0
2010	TPV Technology (TPV)	Hong Kong (China)	Electronic components	Headquarters	1,261.0
2010	Auchan Group (Mulliez Group)	France	Textiles	Retail	395.1
2010	HSBC	United Kingdom	Financial services	Business services	237.1 ^a
2010	Air Products and Chemicals	United States	Chemicals	Manufacturing	212.0
2010	Jardine Matheson Holdings	Hong Kong (China)	Hotels and tourism	Construction	170.0 ^a
2010	Starwood Hotels & Resorts	United States	Hotels and tourism	Construction	170.0 ^a
2010	Diethelm Keller Holding	Switzerland	Transportation	Logistics, distribution and transportation	165.8 ^a
2010	Hewlett-Packard (HP)	United States	Business machines and equipment	Research and development	129.3 ^a
2010	AT&T	United States	Communications	ICT and internet infrastructure	129.7 ^a
2009	Tokyo Electric Power (Tepco)	Japan	Coal, oil and natural gas	Electricity	665.5 ^a
2009	Asahi Glass	Japan	Ceramics and glass	Manufacturing	304.4
2009	SeaEnergy Plc (Ramco Energy)	United Kingdom	Alternative/rene-wable energy	Electricity	270.8 ^a
2009	SAIC Chery Automobile	China	Automotive OEM	Manufacturing	237.9 ^a
2009	Flextronics	Singapore	Business machines and equipment	Design, development and testing	215.7 ^a
2009	Turbine Truck Engines	United States	Engines and turbines	Manufacturing	111.0 ^a
2009	New York Life Insurance	United States	Financial services	Sales, marketing and support	95.4 ^a
2009	Edrington Group	United Kingdom	Beverages	Headquarters	91.8 ^a
2009	SAIC Chery Automobile	China	Automotive OEM	Design, development and testing	88.3 ^a
2009	International Commodity Services (ICS)	United Kingdom	Warehousing and storage	Logistics, distribution and transportation	84.8 ^a
2008	Corning	United States	Electronic components	Manufacturing	453.0
2008	Asahi Glass	Japan	Electronic components	Manufacturing	400.0
2008	American International Group (AIG)	United States	Real estate	Construction	362.3 ^a
2008	Kingston Technology	United States	Semiconductors	Manufacturing	213.6 ^a
2008	Dow Chemical	United States	Semiconductors	Manufacturing	213.6 ^a
2008	Pixar	Israel	Semiconductors	Manufacturing	213.6 ^a
2008	Mitsui Mining and Smelting	Japan	Metals	Manufacturing	203.5 ^a
2008	Starwood Hotels & Resorts	United States	Hotels and tourism	Construction	169.4 ^a
2008	Qualcomm	United States	Electronic components	Manufacturing	119.9 ^a
2008	Industrial Metallurgical Holding	Russia	Metals	Manufacturing	203.5 ^a

Source: The authors, based on fDi Intelligence, a service from the Financial Times Ltd.

^a Estimated investment.