



Taiwan-U.S. Economic and Trade Relations

Presented by
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Representative and Minister of
Executive Yuan**

Presentation Outline

- **Bilateral Economic, Trade and Investment Relations**
- **Assessment on factors influencing U.S.-Taiwan Bilateral Trade Agreement**
- **Conclusion**

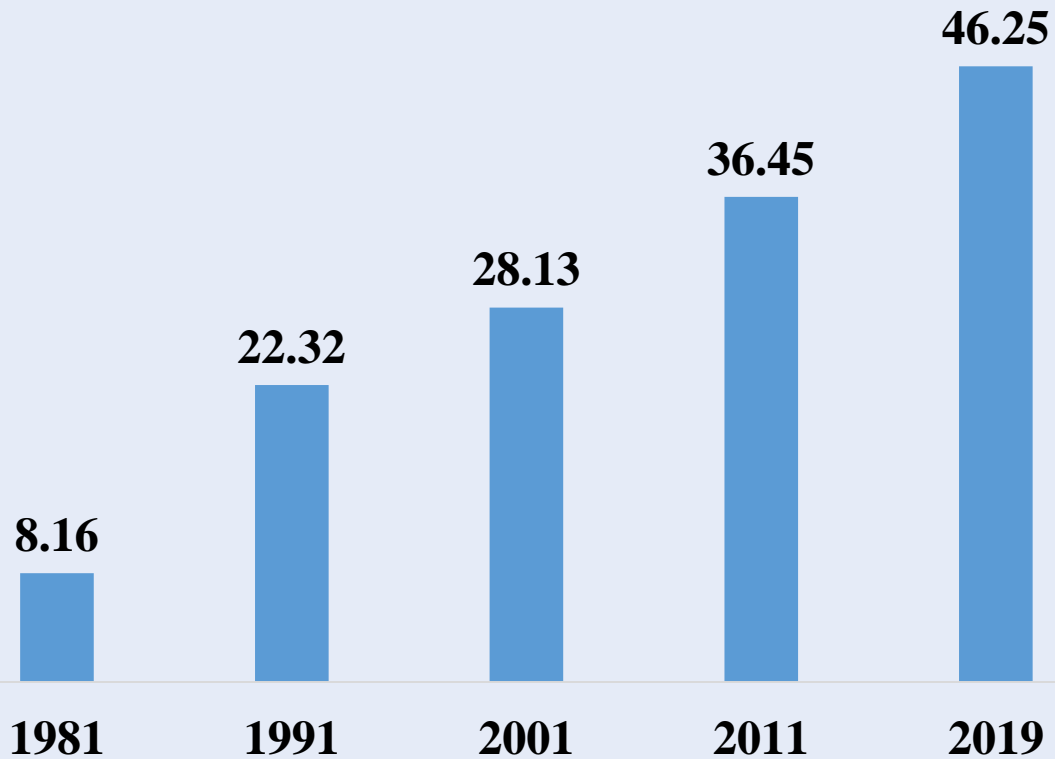


Bilateral Economic, Trade and Investment Relations

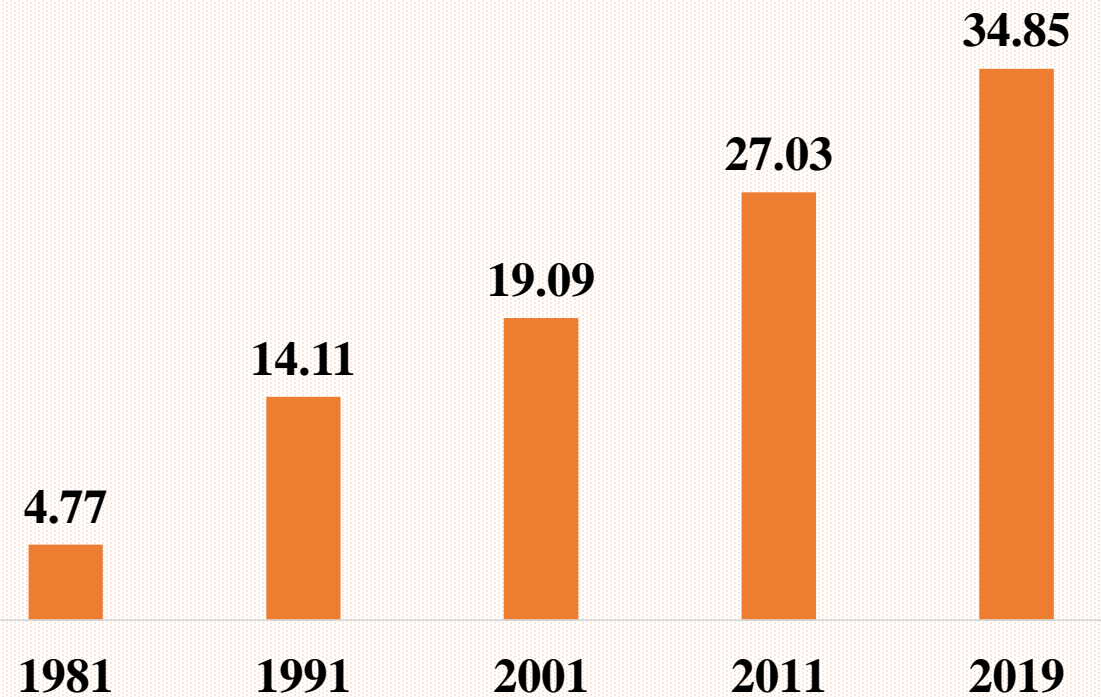
Bilateral Trade between Taiwan and U.S. is Stable

Except for the 2009 financial crisis, the bilateral trade between Taiwan and U.S. has continued to grow significantly in the past 40 years

Taiwan exports to U.S., billions USD



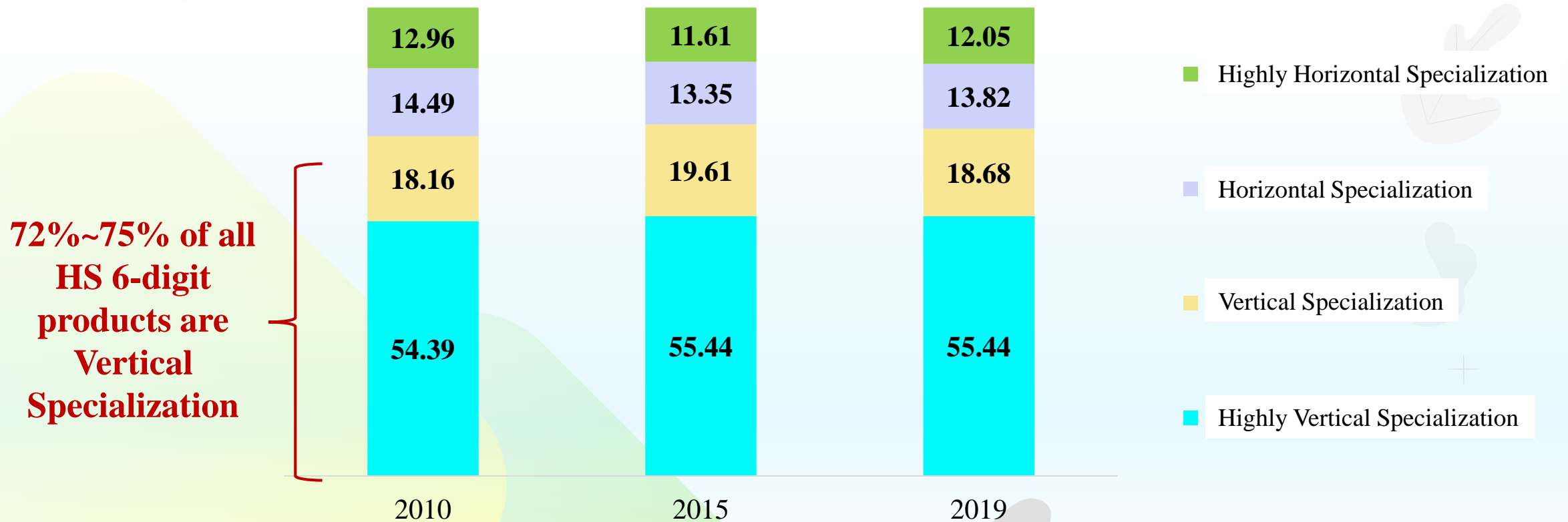
Taiwan imports from U.S., billions USD



Bilateral Trade between Taiwan and U.S. is Complementary(1/3)

Taiwan's economic structure is highly complementary to US's

The trade specialization indicator (TSI) for Taiwan and U.S

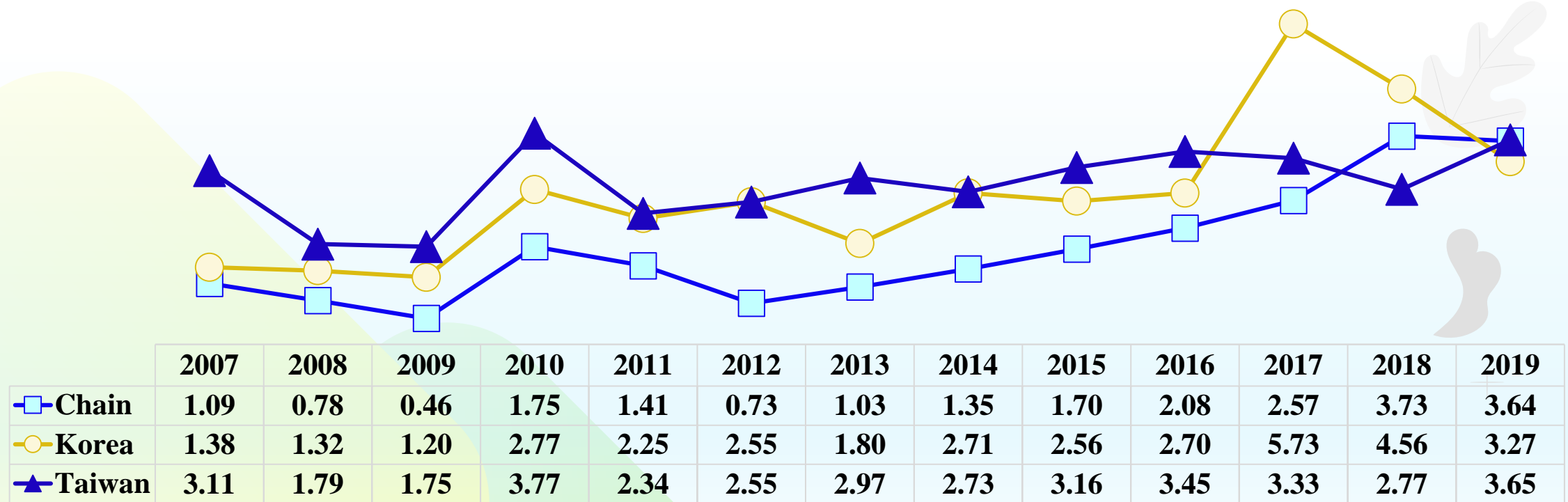


Source : GTA.

Calculation : $TSI = (\text{trade balance of TW-US}) / (\text{total trade of TW-US})$. 0.75~1 presents highly vertical specialization, 0.5~0.75 presents vertical specialization, 0.25~0.5 is horizontal specialization and 0~0.25 is highly horizontal specialization.

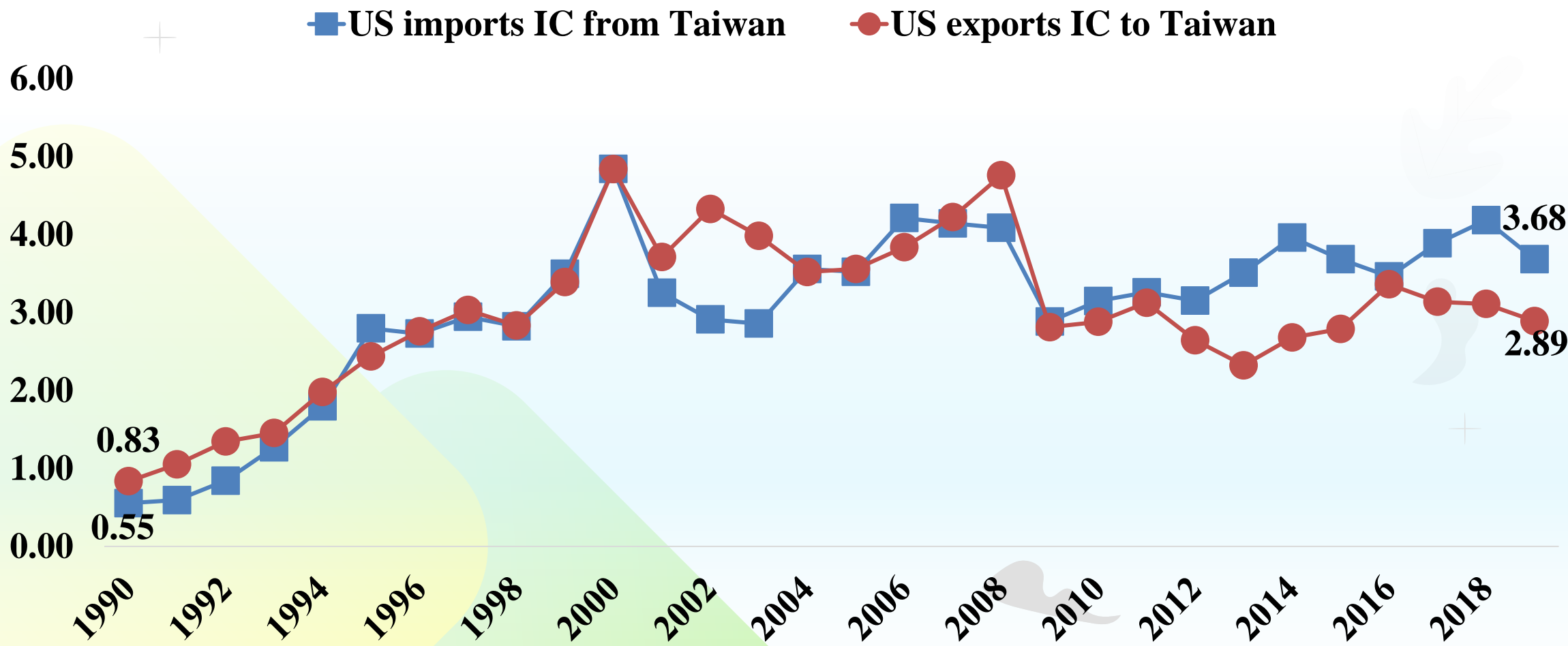
Bilateral Trade between Taiwan-U.S. is Complementary(2/3)

Taiwan is the U.S. 1st largest export market of Semiconductor equipment and its parts, except for the years of 2012, 2017 and 2018.



Bilateral Trade between Taiwan-U.S. is Complementary(3/3)

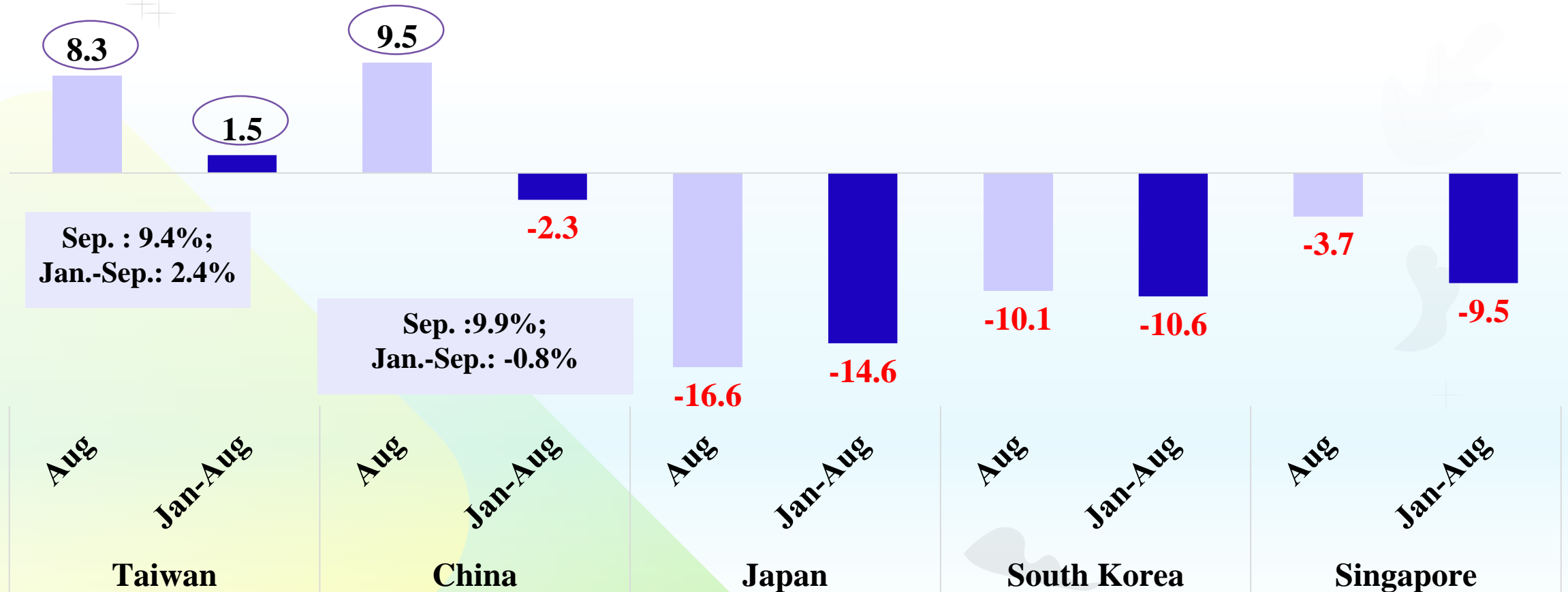
Taiwan-U.S. trade in IC products is quite balanced



Through Taiwan's Pandemic Prevention Efforts, Our Export Performance is Better than other Major Countries

Export Performances both in Aug. and through Aug. (Jan. to Aug.)

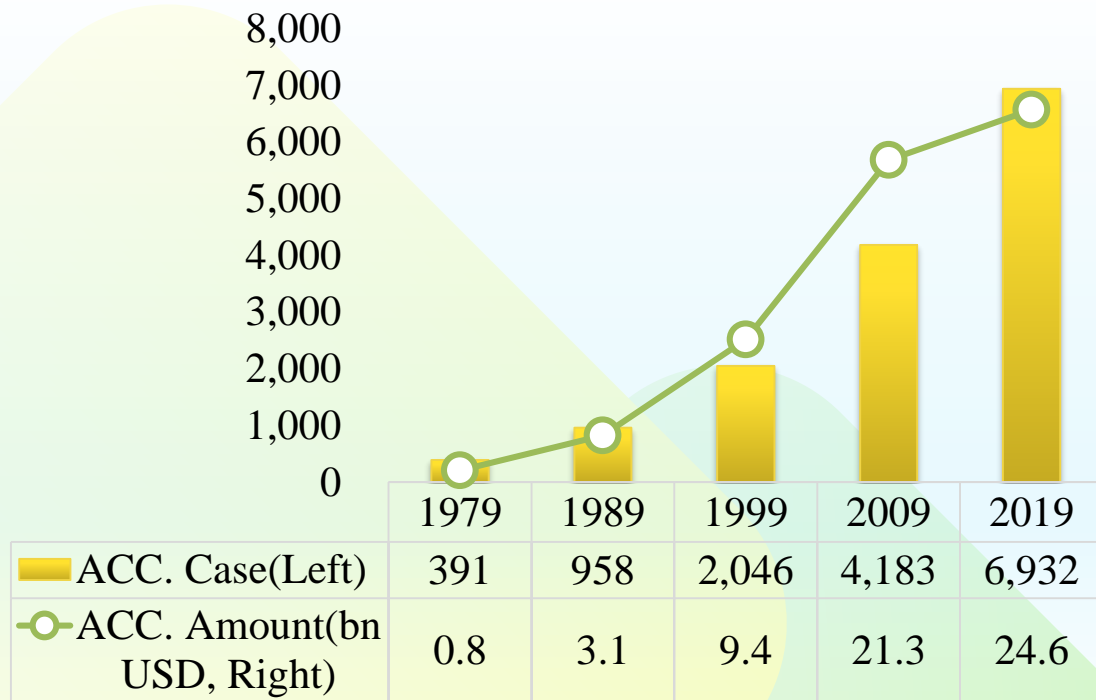
Annual growth rate(%)



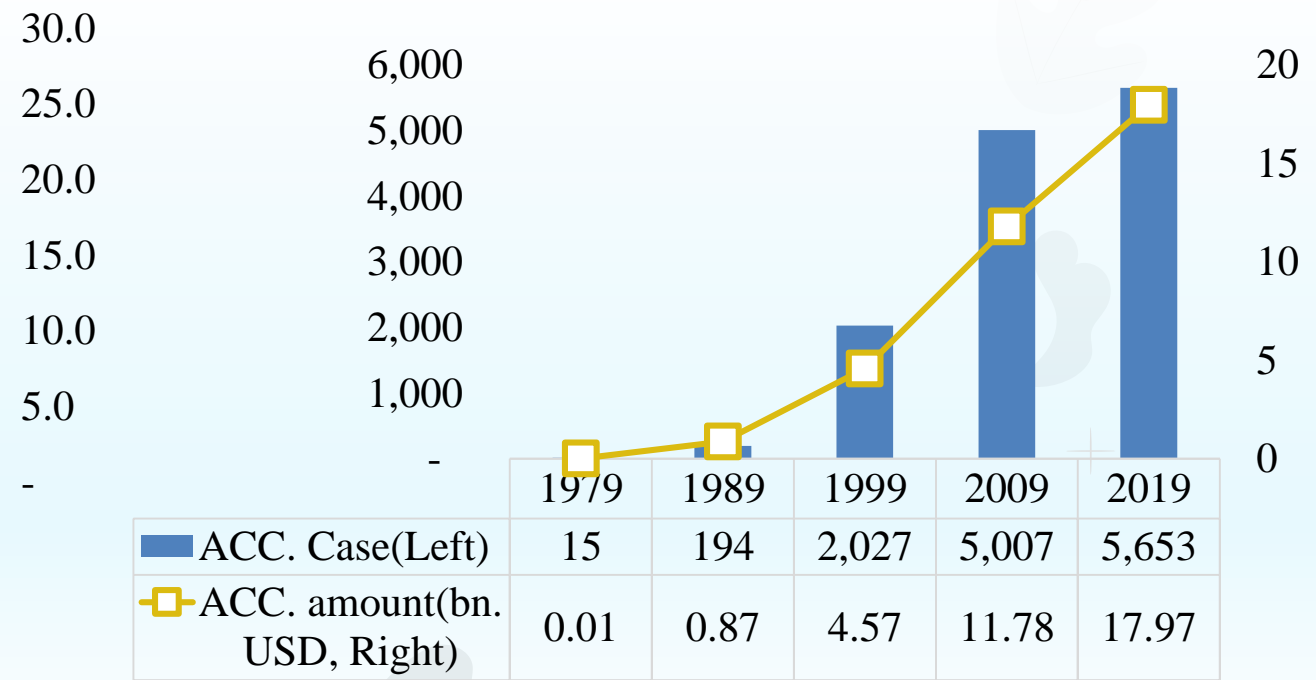
● Bilateral Investment between Taiwan and U.S. is Strong

Strong U.S.-Taiwan trade relations provide solid foundation for bilateral investment

■ US's investment outflows to Taiwan



■ Taiwan's investment outflows to U.S.



●

+ **Assessment on factors
influencing U.S.-Taiwan
Bilateral Trade Agreement**

Positive Factors (1/5)

- **Congressional Support**

A joint letter from 161 U.S. Representatives has called for the USTR to begin negotiations for a bilateral trade agreement with Taiwan.

This year marks the 40th anniversary of the passage of the Taiwan Relations Act (TRA), landmark legislation that set the framework for relations between the United States and Taiwan – two countries with a shared commitment to democracy, respect for the rule of law, and free market principles. The TRA has facilitated decades of economic, security, and trade relations that have benefited the global community and increased the prosperity of the United States and Taiwan. With this in mind, we strongly believe you should work toward beginning negotiations for a bilateral trade agreement with Taiwan.

Positive Factors (2/5)

- **Congressional Support**

A joint letter from 50 Senators encourages USTR to begin the formal process of negotiating a comprehensive trade agreement with Taiwan

Dear Ambassador Lighthizer,

As we look to advance our initiative for a free and open Indo-Pacific, we believe that now is the time to establish trade agreements with like-minded countries in the region. Given their record as a longstanding economic partner and security ally, we highly encourage you to begin the formal process of negotiating a comprehensive trade agreement with Taiwan.

Positive Factors (3/5)

- **Supports from Academic community and think tanks**
 - **Kurt Tong**, CSIS: Now Is the Right Time for a Trade Agreement with Taiwan
 - **Anthony B. Kim**, Heritage Foundation: Time to Launch U.S.-Taiwan Free Trade Negotiations
 - **Claude Barfield**, American Enterprise Institute: Time is of the essence for starting US-Taiwan Trade Talks
 - **Seth Cropsey**, Hudson Institute: This Is the Right Moment for a U.S.-Taiwan Trade Agreement
 - **Doug Bandow**, Cato Institute: The U.S. Should Offer Taiwan a Free-Trade Agreement

Positive Factors (4/5)

- Responses from U.S. senior officials



Mike Pence ✓
@Mike_Pence

Taiwan's decision today to ease restrictions on US pork & beef imports is another example of President @realDonaldTrump delivering on his promise. It opens the door for cooperation and partnership.



Secretary Pompeo ✓
@SecPompeo
US government account

The U.S. welcomes President Tsai Ing-Wen's August 28 statement that Taiwan will move quickly to lift restrictions on imports of U.S. pork and beef. This opens the door for more trade and investment opportunities in our economy.



Sec. Sonny Perdue ✓ @Secret... · 16h
Encouraging news out of #Taiwan: Big step toward expanded mkt access for US #beef & #pork consistent w/ science-based intl standards & longstanding commitments. Looking fwd to final action from Taiwan so consumers there can enjoy more safe, delicious US #meat products.



Morgan Ortagus ✓ @statede... · 33m
US government account

U.S. farmers and Taiwan consumers both score big wins from Taiwan's announcement that it'll eliminate long-standing market access barriers to U.S. beef and pork. We look forward to the timely implementation of these actions and applaud Tsai's leadership.



Sec. Wilbur Ross ✓
@SecretaryRoss

This is positive news as Taiwan is a key trade and investment partner of the U.S., as demonstrated by TSMC's May announcement to invest \$12B in a semiconductor facility in AZ. Removing these trade barriers opens the door for even more opportunities in our economy.

Positive Factors (5/5)

Taiwan contributes to a stable and secured U.S. supply chain

- Taiwan's exports to U.S. continue to grow during the pandemic
 - In 2020(January to September), Taiwan's export to the U.S. increased 7.1%
- Taiwan's factories are undisrupted by COVID-19, and the factories remain in operation

Conclusion

- **Continue to create the right environment and build the momentum for BTA negotiation**
- **Be well prepared for the best timing when we can hit the sweet spot for kick starting BTA**
- **We urge the U.S. businesses to lend us the utmost support to achieve the U.S.-Taiwan BTA**

THANK YOU FOR YOUR ATTENTION



<https://www.ey.gov.tw/otn/>