

**Taiwan's Written Comments to Assist
with the Preparation of *the Omnibus
Report on Significant Trade Deficits***

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Executive Summary

1. Taipei Economic and Cultural Representative Office in the U.S., on behalf of the Government of Taiwan, submits this report in response to the Federal Register notice published on April 17, 2017 (82 FR 18110) by the Department of Commerce calling for public comments to assist in the analysis for the assessment called for in Executive Order 13786. This report will provide a comprehensive analysis of the state and future of U.S.-Taiwan based on trade statistics and information from our respective industries.
2. U.S. trade for both trade in goods and services with Taiwan totaled an estimated \$84.9 billion in 2016. The total deficit of goods and services trade deficit between U.S. and Taiwan was \$9.1 billion. In 2016, the U.S. goods trade deficit with Taiwan was \$13.3 billion; the U.S. services trade surplus with Taiwan was \$4.2 billion and agricultural goods trade surplus was \$3 billion. Taiwan is currently the U.S.'s 10th largest trading partner for trade in goods and the 7th largest agricultural export market.
3. Of the top ten products that the U.S. has deficits – cars, petrochemical, and electronic machinery- Taiwan is not the main exporter of any of those products. Moreover, for the top two products contributing to the U.S. trade deficit – “motor vehicle” (HS8703) and “petroleum oils” (HS2709) – the U.S. actually enjoys a trade surplus with Taiwan for the first product and have little to zero trade for the second product.
4. Comparing the top ten products of which the U.S. has deficits in the global market and the top ten products of which the U.S. has deficits with Taiwan's exports, the main overlap products are “telephone sets” (HS 8517)

and “automatic data processing machines” (HS 8471). For these two products, Taiwan’s exports only account for an insignificant percentage of the trade deficit. For steel, textile and cars industries that employ many workers, Taiwanese exports have not been the main source of U.S. imports and have been on the decline. In addition, the value of services, training and possibly some items are not included in the military procurement trade statistics. Taiwan’s trade statistics for trade in goods also differ from that of the U.S.; we suggest that both sides should further communicate regarding these data discrepancies.

5. Taiwan and U.S. industries are highly complementary; vertical integration specialization reaches as high as 78%. Such vertical integration and industrial cooperation explains the trade deficit the U.S. has with Taiwan for certain products. Examples of successful vertical integration of both industries include Integrated Circuits (ICs), screw and nut, and automobile parts.
6. Other notable win-win partnerships between the Taiwan and U.S. manufacturing sectors include the semiconductor, aerospace, electronics, petrochemical, medical devices and steel (screw) industries.
7. Taiwan recognizes the importance of fair trade and strives to foster a fair and open market. For example, the import duty for industrial products averages only 4.2%. Taiwan is a major U.S. export market for agricultural products. U.S. firms continue to take advantage of the enormous government procurement opportunities in Taiwan. American Chamber of Commerce in Taipei also continues to view Taiwan as a positive business environment.

8. Taiwan's domestic legal regime is aligned with international standards and practices of fair trade. Taiwan's IPR protection is robust. Transparency of the rulemaking process has been enhanced. Labor regulations are consistent with international standards and protect the rights and interests of foreign laborers. Environmental standards are also in line with international standards to prevent unscrupulous firms from taking advantage of other companies through unfair competition. Taiwan's exchange rate policy aims to maintain dynamic stability and do not seek to gain unfair trade advantages. Furthermore, Taiwan is committed to promoting free and fair trade with the U.S. through the "Trade and Investment Framework Agreement" (TIFA) framework; both sides will continue to discuss Sanitary Phytosanitary Measures (SPS), Technical Barriers to Trade (TBT) and intellectual property rights (IPR) protection-related issues.
9. To maintain regional peace and stability, Taiwan has strengthened collaboration with the U.S. for export controls of strategic high-tech commodities (SHTC). Taiwan has also deepened its collaboration with the U.S. in combating trade and customs violations to maintain a fair competition environment.
10. The future of U.S.-Taiwan trade remains bright and full of potential. As the major purchasing country for U.S.'s semi-conductor machines, aircrafts, agricultural produce, services, intellectual property, and military hardware, Taiwan will continue to procure these products in the future. In the area of investment, Taiwanese businessmen are closely following the "Made in America" policy; the amount of upcoming Taiwanese investment to the U.S. is estimated to reach around US\$34.1 billion.

11. There have also been enthusiastic exchanges of U.S. and Taiwan industry delegations in 2017. The U.S. and Taiwan have taken turns hosting the “U.S.-Taiwan Digital Economy Forum”; Taiwan has shown keen support for the “Select USA” forum with unprecedented participation by various industries and businesses in 2017; Taiwan will also around the same time organize a delegation of top business executives to visit Washington. Furthermore, Taiwan will host a “U.S. Business Day” event and send delegations to the U.S. to exchange on agricultural trade and cooperation opportunities for the respective manufacturing industries. These exchanges aim to strengthen bilateral trade, investment, and industrial cooperation.

12. With a good record of effectively resolving difficult issues together, Taiwan hopes to enhance U.S.-Taiwan economic and trade relations with the current Administration. We hope to increase the frequency of our communications and expand the host of issues for discussion. We are open to any possible proposals that will strengthen U.S.-Taiwan trade relations on a fair and mutually-beneficial basis. Notwithstanding the flux of international affairs, maintaining and deepening U.S.-Taiwan relations remains Taiwan’s top priority.

I. Introduction

On March 31, 2017, President Trump signed Executive Order 13786 directing the Secretary of Commerce and the United States Trade Representative (USTR) to prepare an “Omnibus Report on Significant Trade Deficits” within 90 days of the order. On April 17, 2017, the Department of Commerce in the Federal Register (82 FR 18110) called for a public hearing and written comments to assist with the preparation of the report. The Government of Taiwan, through the Taipei Economic and Cultural Representative Office in the U.S., respectfully submits the following information as part of the public comment process.

In this submission, the Government of Taiwan, in consultation with its industries, wishes to address the state and future of U.S-Taiwan trade relations from four perspectives: (1) trade balance; (2) fair trade; (3) manufacturing base and national security, and (4) future prospects. We will examine year-to-year export and import data; U.S. and Taiwan’s comprehensive trade structure; and provide examples of our complementary industries working in vertical integration supply chains. Through our analysis, the Government of Taiwan will demonstrate that the trade relationship between the U.S. and Taiwan is in fact a positive and mutually beneficial one, and that Taiwan’s open trade regime do not negatively affect American jobs or its industries.

II. Trade Balance

U.S. and Taiwan enjoys a strong and steady trade relationship.

According to the USTR statistics, the U.S. goods (including agricultural products) and services trade with Taiwan totaled an estimated \$84.9 billion in

2016. Exports were \$37.9 billion; imports were \$47.0 billion. The U.S. goods and services trade deficit with Taiwan was \$9.1 billion in 2016. (*See Table 1*)

For trade in goods, Taiwan was the U.S.'s 10th largest trading partner in 2016 with \$65.4 billion in total (export and import) trade: U.S. goods exports to Taiwan totaled \$26.0 billion, up 0.7% from 2015. U.S. goods imports from Taiwan totaled \$39.3 billion in 2016, down 3.9% from 2015. U.S. goods trade deficit with Taiwan was \$13.3 billion in 2016, a 11.8% decrease from 2015.

For trade in services, the bilateral trade in services between the U.S. and Taiwan totaled an estimated \$19.6 billion in 2016. U.S. services exports to Taiwan were an estimated \$11.9 billion, 3.6% less than 2015. U.S. services imports from Taiwan were an estimated \$7.7 billion in 2016, 0.78% more than 2015. In 2016, the U.S. services trade surplus with Taiwan was \$4.2 billion.

For agricultural products, Taiwan is the U.S.'s 7th largest agricultural export market. In 2016, U.S. agricultural exports to Taiwan totaled \$3.3 billion, including soybeans (\$586 million), corn (\$462 million), beef & beef products (\$363 million), wheat (\$256 million), and fresh fruit (\$221 million). The U.S. enjoys a nearly 3 billion trade surplus with Taiwan.

Trade deficits in certain industries are inevitable due to each country's stages of economic development and industrial structure. For example, Taiwan's manufacturing sector is competitive but its agriculture and services industries cannot compare to that of the U.S. Thus, trade data for goods alone cannot define the state of the entire bilateral trade relationship.

The comprehensive trade structure between Taiwan and the U.S. is

healthy and complementary.

While the data above shows a U.S. trade deficit for trade in goods with Taiwan, it actually reflects the close vertical integration between Taiwan and the U.S. industries that is consistent with global trade and investment trends. In other words, most of Taiwan's exports to the U.S. are intermediate goods that are part of the vertical integration supply chain. (See Figure 1 and Explanatory Note on Page 9) With an industrial structure that mainly consists of Original Equipment Manufacturing (OEM), Taiwan has played an indispensable role in helping American companies maintain their competitiveness in the global market. While Taiwanese companies have recently upgraded from OEM to Original Design Manufacturing (ODM), their American counterparts remain the largest beneficiaries. However, this kind of added-value cannot be directly derived from the trade statistics.

Furthermore, of the top ten products that the U.S. has the largest deficits – cars, petrochemical, and electronic machinery- Taiwan is not the main exporter of any of those products. In fact, the top two products from which the U.S. suffers the most deficits - the “HS 8703 Motor cars and other motor vehicles; principally designed for the transport of persons” and the “HS 2709 Petroleum oils and oils obtained from bituminous minerals; crude” - U.S. actually enjoys a \$125 million surplus to Taiwan for the first product, and nearly no trade for the second product.

Comparing the top ten products of which the U.S. has deficits in the global market and the top ten products of which the U.S. has deficits with Taiwan's exports, the overlapping products include “HS 8517 Telephone sets, including telephones for cellular networks or for other wireless networks” and the “HS

8471 Automatic data processing machines and units thereof”. Alas, for these products Taiwan’s exports only account for an insignificant percentage in the U.S. total amount of deficits. The same trend can also be observed using the 6-digit HS code system. (*See* Tables 2, 3, 4, 5)

Trade statistics also show a trade deficit for semiconductor products (i.e., electrical integrated circuit, HS 8542) between the U.S. and Taiwan. However, if we run the log-linear regression analysis between the U.S. and Taiwan semiconductor imports and exports, we can find that there is actually a positive relationship between Taiwan imports from the U.S and Taiwan exports to the U.S. (*See* Table 6). In addition, the semiconductor equipment the U.S. exports to Taiwan also attributes to Taiwan’s large production capacity and export prowess.

For steel, textile and cars industries that employ many workers, Taiwanese exports have not been the main source of U.S. imports and have been on the decline. For example, percentage of Taiwan’s exports to the U.S. for steel products dropped from 7% in 1990 to 4% in 2016; for textile products, the percentage decreased from 9% in 1990 to only 1% in 2016. The automobiles and parts exported from Taiwan have never accounted for more than 1% in the past 20 years.

The sale of military-related goods between the U.S. and Taiwan is also another important factor to consider when viewing the bilateral trade relationship in its entirety. According to the Defense Security Cooperation Agency (DSCA), from 2008 to 2015, the U.S. sold US\$7.5 billion worth of military-related goods to Taiwan (\$1.4 billion in 2015), making Taiwan the 7th largest source of procurement for related products (4th for cumulative

procurement from 1952 to present). On average, the number of military sales amount to \$2 billion every year. Of note is that the DSCA statistics also include the value of the after-sale services and personnel training. These numbers are not reflected in the U.S. Customs statistics and if taken account would further close the trade deficit gap between Taiwan and the U.S.

It is also worth noting that according to Taiwan's statistics, in 2015 and 2016, the trade deficits between Taiwan and the U.S. were \$7.84 billion and \$4.93 billion, respectively. However, in the same period, the U.S. recorded deficits of \$15.05 billion and \$13.27 billion (*See* Table 7). These discrepancies exist mainly for import and export data of "integrated circuits" (*See* Table 8). We suggest that both sides engage in further discussion to understand the cause for these discrepancies.

In all, to gain a full understanding of the state of U.S.-Taiwan trade relations, the trade deficit for trade in goods must be examined in a more comprehensive and balanced manner. Oftentimes, the value created by trade cannot be fully represented by mere statistics. The economic value that Taiwan's exports generated for the U.S. is indeed greater than what the trade deficit statistics may suggest.

EXPLANATORY NOTE: The Vertical Specialization and Complementary Nature of U.S.- Taiwan Trade

From a supply chain perspective, vertical integration and mutual complementarity are the key features of the U.S.- Taiwan trade relations. According to the Trade Specialization Index, vertical-specialization between U.S and Taiwan's industries is as high as 78%. This integration reflects the

existence of a highly-connected supply chain instead of a competitive relationship. The vertical specialization actually explains the reason for the U.S.'s trade deficits with Taiwan for trade in goods. Some examples include:

1. **Integrated Circuits (ICs):** The capacity to efficiently produce high-quality ICs is crucial for the development of the electronics industry. While trade statistics for IC products show a trade deficit between the U.S. and Taiwan, this is mainly because Taiwan's firms provide manufacturing and packaging-testing in the midstream stage of production while U.S. firms offer IC design, branding, and marketing services of the final product. Under such a cooperation model, U.S. companies such as Apple, Intel, Qualcomm, and Broadcom contract Taiwan's foundries for the manufacturing and package-testing of IC products to be sold back to the U.S. for further packaging and marketing. Taiwan IC exports to the U.S. reflect this vertical-specialization relationship and both sides reap great benefits through this partnership.
2. **Nuts and screws (Fasteners):** Fastener is one of Taiwan's largest exports to the U.S. While not a high-tech product, it is indispensable in both basic and high-tech industries. Taiwan's developed and well-functioning nuts and screws, hand tools, auto parts clusters are unparalleled and can meet the demand of the U.S.'s fast-paced and growing markets.
3. **Automobile and automobile parts:** The scale of automobile manufacturing is small in Taiwan. Annual sale in both the domestic and export markets amounts to about only 300,000 vehicles. So far little to none automobiles have been exported to the U.S.; most of the exports consist of automobile parts for retail (general mechanic) use, which do not compete with U.S. original equipment manufacturing companies.

Automobile parts made in Taiwan are eclectic, high-quality, and cost-effective; they contribute to the well-being of the U.S. automobile industry. Another mode of partnership is the example of Tesla. Taiwanese companies play an important role in Tesla's supply chain; around 12% of a Tesla car's key components come from Taiwan. Tesla purchases motor iron cores from the Fukuta Electric & Machinery Company and buys differentials and gearboxes from Hota Industrial Mfg Co. For steel parts, shortly after its establishment, Tesla developed close relationships with China Steel Corporation (CSC) and other Taiwanese suppliers to develop its electric system, and contracted CSC to provide most of its steel parts. Tesla also plans to launch a new compact car with more competitive pricing, and CSC has a full solution package to reduce the weight of the vehicle. The examples above show how automobile parts from Taiwan have significantly increased the value of vehicles assembled and sold in the U.S.

III. Fair Trade

Taiwan ranked 11th in the 2017 Heritage Foundation Index of Economic Freedom and its overall score has been increasing. Taiwan has also been recognized for its free and fair market and sound trade and business regime.

Taiwan's market is fair and open

Taiwan has kept in close cooperation and communication with the U.S. on many important trade issues. For example:

1. Taiwan's market is open for industrial products and companies of both sides collaborated and integrated closely.

The average tariff of Taiwan's industrial products is around 4.2%. This high level of market access has incentivized many U.S. corporations to expand their businesses in the fair Taiwanese market. As mentioned above, more than 80% of the goods imported from Taiwan to the U.S. are intermediate products. These products are then assembled and sold at a much higher price in the U.S. and world market. Notable examples include the semiconductor, electric car, precision machinery and machine tool industries.

2. Taiwan is a major U.S. export market for agricultural products.

Taiwan is the 7th largest export market for U.S. agricultural products. The U.S. has long-time benefited from an agricultural trade surplus with Taiwan. Major U.S. agricultural products exports include soybeans, corn, wheat, beef and pork; the amount and value of these imports has also been increasing in the past five years. Taking U.S. beef as an example, Taiwanese imports grew from 19,000 tons (US\$130 million) in 2012 to 44,000 tons (US\$360 million) in 2016, more than doubling the total import volume and value in the span of just five years. Taiwan has continued to purchase agricultural products from the U.S. As a result, farmers, crop producers, distributors, and other agricultural industries in the U.S. have all benefited from increased as a result of these imports.

3. U.S firms continue to take advantage of the enormous government procurement opportunities in Taiwan.

U.S. companies have been capitalizing on Taiwan's open government procurement market for a long time. In 2015, U.S. suppliers ranked number one among all foreign suppliers for the number of Goods Contracts (7,611 contracts) and Services Contracts (315 contracts) won, totaling values of

NT\$ 61.573 billion (US\$ 2.05 billion) and NT\$ 13.08 billion (US\$ 436 million), respectively. For Construction Services Contracts, the U.S ranked second in the number of contracts won (20 contracts) with a total value of NT\$ 15.5 billion (US\$ 515million).

4. American Chamber of Commerce in Taipei (AmCham Taipei) continues to view Taiwan as a positive business environment.

The 2016 Taiwan White Paper issued by AmCham Taipei noted the Chamber's appreciation for the Government's positive attitude in taking suggestions and issues of their companies' concerns. Furthermore, the Chamber's 2017 Business Climate Survey also noted more than 50% of its survey respondents viewed Taiwan as a positive business environment and remained optimistic about investing in Taiwan in the coming five years. The Government of Taiwan will continue to strive to enhance its business environment for our U.S. companies.

Taiwan's trade regime is aligned with international system and fair trade.

Ever since Taiwan's accession to the WTO in 2002, its domestic regulations and administrative orders have abided by the non-discriminatory principles of most favored-nation treatment and national treatment. Taiwan has also made efforts to align its domestic system with international standards. For example,

1. Taiwan's IPR protection regime is robust, and the amount of royalties paid by Taiwanese companies to the U.S. each year also helps to balance the trade deficit.

The U.S. President Trade Policy Agenda for 2017 lists “[e]nsuring that U.S. owners of intellectual property (IP) have a full and fair opportunity to use and profit from their IP” as a key objective for the Trump Administration. Through licensing agreements, IP owners create another source of revenue and gain access to new markets and manufacturing networks. Taiwan is U.S.’s important partner of the U.S. in this respect; the net royalty trade surplus between the two economies reached \$5.29 billion in 2015. This surplus is also important for the U.S.-Taiwan trade balance and for boosting employment in the U.S.

IPR regulations in Taiwan also meet international standards. To enhance cooperation between Taiwan and the U.S., Taiwan entered into a Memorandum of Understanding on Intellectual Property Rights Enforcement Cooperation with the U.S. where both sides agreed to combat IPR infringement and trade-related fraud by strengthening the channel of information exchange to provide more comprehensive protection for IPR owners.

2. Taiwan is an important market for U.S. pharmaceuticals and medical devices and the Government has solicited comments from U.S. stakeholders when amending or proposing new laws and regulations.

The U.S. is Taiwan’s top importer of pharmaceuticals and medical devices. In 2016, the value of U.S. pharmaceuticals and medical device imports to Taiwan reached US\$430 million and US\$470 million, respectively, amounting to 14% (the 2nd largest importer) and 30% (the number one importer) in Taiwan’s total import share.

U.S. stakeholders are invited to attend the meetings related to payment standards under the Taiwan’s National Health Insurance (NHI) system. The agenda, minutes and vocal recordings of these meetings are made available to

the public. To facilitate the international harmonization of NHI regulations, Taiwan will continue to solicit comments from U.S. stakeholders when revising its NHI regulations.

3. Taiwan is actively reforming its domestic trade regime to align with international standards and making efforts on transparency issues.

Taiwan is actively reviewing its domestic trade regime and amending trade-related regulations to align with current international trade standards. Specific of note and concern to the U.S. industry are the Pharmaceutical Affairs Act amendment relating to patent linkage and data exclusivity, and the amendment of the Statute for the Control of Cosmetic Hygiene, both of which are now in the Legislative Yuan awaiting deliberation.

Furthermore, effective on October 1, 2016, the review and comment period for all trade, investment and IPR-related laws and regulations are extended from 14 days to 60 days. Again, these efforts demonstrate Taiwan's commitment to enhance the transparency and predictability of its legal environment.

4. Taiwan's labor regulations are consistent with international standards and protect the rights and interests of foreign laborers.

Taiwan's labor regulations meet the international standards. In order to protect the rights and interests of foreign laborers in Taiwan, the Government has taken an active approach in amending its Labor Standards Act to meet the standards of the relevant international labor conventions. Thus, the equal protection of laborers is afforded to all workers regardless of their nationality. While there has been alleged complaints in the past by American corporations that Taiwanese companies are exploiting foreign laborers with unreasonably high agent and orientation fees, these costs are actually set by the governments

of the foreign laborers concerned. Nevertheless, Taiwan's Ministry of Labor still intervened and negotiated with the foreign governments to reduce the amount of the fees and encouraged a direct employment system.

5. Taiwan's environmental standards are aligned with international standards.

Taiwan has established environmental laws and regulations adhering to international conventions and standards. Taiwanese companies invest ample amount of resources each year ensuring that the operation of production sites meet environmental standards. Civil groups and NGOs also strictly supervise the implementation of environmental laws and regulations. Indeed, Taiwanese industries strive to abide by international environmental requirements and participate fairly and lawfully in international trade. Taiwan will continue to maintain high standards to avoid unscrupulous industries that reduce costs through the pollution of the environment and unfair competition.

6. Taiwan's exchange rate policy aims to maintain dynamic stability and do not seek to gain unfair trade advantage.

Highly accommodative monetary policies adopted by key countries after the global financial crisis has increased volatility in international financial markets. Thus, it was within the mandate of Taiwan's Central Bank to smooth out this volatility and maintain dynamic stability of the NT dollar. In fact, since 2016, the NT dollar has appreciated against the US dollar in an upward trend. From the end of 2015 to February 14, 2017, the NT dollar appreciated by 7.8% - the highest of any other Asian currencies. Furthermore, the Nominal Effective Exchange Rate (NEER) of the NT dollar remained within five percent of the monthly average in the past 36 months and is dynamically stable.

Taiwan and the U.S. have advanced on mutually beneficial and fair

trade issues through the TIFA platform.

Taiwan takes notes of the issues mentioned in the 2017 National Trade Estimate Report and will continue to communicate closely with the U.S. via the TIFA platform to address issues of mutual concern:

1. Sanitary and Phytosanitary Measures (SPS) issues: Taiwan understands that the U.S. still has concerns over some SPS trade regulations regarding certain agricultural products. Taiwan will continue to engage closely with the U.S. to address these issues based on principles of science while ensuring food safety for the public and conducting thorough risk communications.
2. Technical Trade Barrier (TBT): In the NTE report, the U.S. recognized Taiwan's efforts to extend the comment period for regulations regarding trade, investment and IPR from 14 days to 60 days. Nevertheless, the U.S. still has concerns over Taiwan's ban of GMO products in school's cafeterias, GMO compulsory labeling for GMO, and the status of the amendment of the Statute for Control of Cosmetic Hygiene. As previously mentioned, Taiwan has sent amendment proposals of the Statute for Control of Cosmetic Hygiene to the Legislative Yuan.
3. Import of agricultural products: The U.S. has expressed concerns regarding the transparency issues of Taiwan's country-specific quota (CSQ) regime, equivalency of organic certification, and the tariffs on distill spirits for cooking. In response to the first two issues, Taiwan has provided information regarding the procurement mechanism and will take U.S. stakeholders' opinions into account when drafting the amendment of the Organic Agriculture Act.
4. Intellectual Property Rights (IPR): In the 2017 Special 301 Report, the U.S.

recognized Taiwan's efforts on protecting IPR, such as taking necessary measures to strengthen the protection of trade secrets. In addition, the U.S. welcomed the MOU on Intellectual Property Rights Enforcement Cooperation entered into force February 2017. Nevertheless, the U.S. still inquired into Taiwan's online infringement, status of the Copyright Act amendments, and enforcement capabilities for IPR crimes. Taiwan will continue to enhance the information exchange between the both governments on enforcement issues and trade secrets protection. Currently, the amendment proposal of certain articles in the Copyright Act is sent to the Legislative Yuan; a comprehensive amendment for the Copyright Act is also under review.

IV. Manufacturing Base and National Security

U.S. and Taiwan businesses have formed strong partnerships in the manufacturing sector.

Through providing Original Equipment Manufacturing (OEM) services, Taiwan businesses have forged strong partnerships with its U.S. counterparts. Many Taiwan companies serve as U.S. companies' IC foundries and provide packaging and testing services, printed circuit boards and components. In a similar fashion, Taiwanese screw companies contribute to the development and quality of its U.S. partners in the aeronautical and automobile industries. Other cooperation and win-win examples are also present in the aeronautical, electronics, petrochemical, medical devices and steel industries:

1. Aeronautical industry: Taiwan's aeronautical businesses have partnered with major U.S. companies such as Boeing, Lockheed Martin, AeroSystems,

General Electric (GE), Pratt & Whitney (PW) and B/E Aerospace in areas such as airframe structure, engine, aircraft interiors, and avionics. It has also obtained long-term maintenance contracts with major U.S. airlines. Taiwan businesses have also recently invested in high-value systems and modules to increase its manufacturing capacity. These investments better position Taiwan as U.S. aeronautical businesses' key partner in Asia.

2. Electronics industry (including semiconductor and software industry): U.S. companies are important clients to Taiwan's semiconductor industry, which mainly provides OEM services from IC foundries to IC packaging and testing. Since 2012, Micron Technology has been establishing partnerships with Taiwanese local companies to create a DRAM cluster to develop high-end IC packaging and testing; in 2016, it officially acquired Inotera Memories, Inc and set up formal presence in Taiwan. Micron Technology ranks third among DRAM manufacturers, accounting for 18.5% of the global market share. By combining Taiwan's current production line and the newly established high-end packaging and testing line, Micron Technology's competitiveness in the industry will be enhanced. In addition, whenever new specifications for a semiconductor are designed, a new production line must be built. The equipment for these processing lines are manufactured in the U.S. and exported to Taiwan. Taiwan is the U.S.'s largest export market for semiconductor manufacturing equipment, accounting for 30% of the U.S.'s global market share, indicating a high-degree of cooperation in the semiconductor industry between U.S. and Taiwan.
3. Petrochemical industry: The U.S., with its abundant shale natural gas reserves and production capacity, provides plentiful and inexpensive raw

materials for the petrochemical industry and therefore attract massive investment and the growth of its downstream industries. Taiwanese petroleum businesses, with comprehensive industrial chains and marketing channels, have either invested in the U.S. or are considering investing in the U.S. i.e. purchasing economically effective ethane to manufacture ethylene. Taiwan petrochemical businesses also rely heavily on U.S. technology and patented technology, paying large amounts of royalties to the U.S. each year. Taiwanese companies also purchase large quantities of U.S. equipment, such as compressors, boilers and rotating machinery. Taiwan is also an important export market for some of the U.S. highly priced chemicals, including nonyl alcohol.

4. Medical devices industry: The United States is also Taiwan's largest importer of medical devices, accounting for 35% of Taiwan's total import share. Medical device is a major area of industrial collaboration between the U.S. and Taiwan. Other potential areas of cooperation include advanced medical imaging systems, orthopedics, orthodontology and ophthalmology implants, and mobile health devices.
5. Steel industry: Taiwan steel companies procure scraps steel from the U.S., and furnace and roll them into steel products for U.S. domestic market. Such business model supports the circular economy in the U.S. and strengthens the bilateral trade of industrial products between the two industries. Recently, the U.S. launched anti-dumping investigations against Taiwan, among other countries, for steel bar and rod (HS 7213) and steel tubes and pipes (HS 7304). Upon completion of the investigation, Taiwan steel companies were levied the lowest anti-dumping duty among all countries. Indeed, steel exports from Taiwan are not the main source of

impairment for U.S. companies.

These cases illustrate that in order to revive the U.S. manufacturing industry, Taiwan needs to continue to provide cost-effective intermediate products of excellent quality to secure an economic and trade win-win for both economies.

Military procurement from Taiwan contributes to the U.S.'s industrial and regional development.

Taiwan's military procurement has benefited the U.S.'s electronics, aerospace, avionic and materials industries. Procurement includes fighters, helicopters, missiles and artillery – all of which have increased the revenues of U.S. companies and brought about growth (including research and development) in the U.S. electronics, aerospace, avionic and materials industries (for both military and civil use).

In recent years, Taiwan procured major military items from the U.S., such as the Patriot Missile Defense System, MK15 Phalanx Block 1B Baseline 2, P-3C anti-submarine aircraft, upgrades to the F-16A/B Fighting Falcons, AH-64E Apache attack helicopters, UH-60M Black Hawk multi-mission helicopters and AAV-7 amphibious assault vehicles. These purchases have benefitted U.S. manufacturing companies, such as Raytheon, Lockheed Martin, Boeing, Sikorsky and BAE system; in turn, they have boosted the local economy of and employment in states such as Alabama, Arizona, Florida, Utah, Ohio, and Pennsylvania

While Taiwan plans to move a more "Made and Controlled in Taiwan" military policy, this will not affect our continuing military procurement from the

U.S.

Taiwan is the U.S.'s important ally in combating illicit trade and customs violations.

1. In support of U.S.'s export controls on SHTCs and the United Nations Security Council resolutions on counter-terrorism, Taiwan has worked with the U.S. to combat illicit trade for years. To date, Taiwan has successfully intercepted more than ten cases a year of transshipments of SHTC from third countries making its way to proliferation-risk regions through Taiwan, and cooperated with the U.S. to promote regional stability and peace.
2. To strengthen export control from countries such as North Korea and Iran, Taiwan has collaborated with the U.S. and adopted a sensitive commodity list composed of 407 tariff codes. A commodity on the list will require governmental authorization before exportation. Additionally, in response to the U.S.'s request, Taiwan's Ministry of Economic Affairs published in March 2017 a list of 35 prohibited import items, including coal from North Korea.

In addition, Taiwan has also partnered with the U.S. in combating trade and customs violations. The Government has actively taken actions against companies illegally transshipping a product via Taiwan to avoid anti-dumping tax. Taiwan will also continue to enhance its customs control, for example, to improve mechanisms for regulating certificates of origin and customs clearance.

V. Future Prospects

Great potential and prospects for the future of U.S.-Taiwan trade relations.

In spite of recent fluctuations of the global economic climate, U.S.-Taiwan bilateral trade has remained relatively stable and strong. According to USTR statistics, the amount of bilateral trade for trade in goods for the recent three years ranged between US \$65.3 billion and US \$67.5 billion (*See Table 1*). Moreover, in 2016, exports of U.S. to Taiwan raised by 8.3%. In the same year, Taiwan was the U.S.'s 10th largest trading partner, 14th largest exporting destination and 13th largest source of imports. In 2016, the U.S. was Taiwan's 2nd largest trading partner, 3rd largest exporting destination and 3rd largest source of imports. Taiwan was the U.S.'s 7th largest exporting market of agricultural products, and also a major exporting destination for U.S. semi-conductors, services, intellectual property, and aircrafts.

Based on trade statistics of Taiwan's procurement of U.S. semi-conductor machines, services, intellectual property, and aircrafts in the recent five to ten years, and information from our airline industry and defense agencies, Taiwan projects to procure the following items from the U.S. in the next five to ten years:

1. By 2020, Taiwan's import of U.S. services and IPR royalties is expected to reach US\$17.58 billion and US\$12.88 billion, respectively.
2. By 2025, Taiwan's import of U.S. semiconductor machines is expected to reach US\$5.58 billion.
3. By 2025, Taiwan's import of U.S. agricultural products is expected to reach

US\$3.35 billion.

4. The Taiwanese airline industry plan to buy approximately five Boeing 777-300ER aircrafts (US\$320 million each), four Boeing 787-9 aircrafts (US\$200 million each) and 20 Boeing 787-10 aircrafts (US\$300 million each) with a total amount up to US\$8.4 billion within the next five years.
5. To fulfill the needs of national security, Taiwan will continue to procure large amounts of military equipment from the U.S. Currently, 410 cases of military procurement projects are still in implementation, which amount to a total of US\$38.58 billion. Among these projects, \$31.82 billion has been delivered, while \$6.77 billion still awaits handover.

Taiwan businesses are closely following the “Made in America”-related policies.

Taiwanese companies have long been attracted to U.S.’s transparent legal structure and governance, abundant natural resources, stable and cost-effective energy, water and electricity supplies, efficient transport networks, and large consumer market. According to the statistics from the Investment Commission of Taiwan’s Ministry of Economic Affairs, total amount of Taiwanese cumulative investment in U.S. reached US\$14.54 billion as of January 2017, and cumulative U.S. direct investment in Taiwan in the same time period amounted to \$23.78 billion. In the past three years, the amount of Taiwanese investment in the U.S. has surpassed that of U.S. investment in Taiwan (*See Table 9*). Taiwanese investment and affiliated Taiwanese businesses in the U.S. have created approximately 350,000 jobs.

After President Trump’s inauguration, the Administration announced various proposals relating to the “Made in America” policy, including the April 26, 2017 tax reform outline. Many Taiwanese businesses are closely following these developments; some companies, such as Formosa Petrochemical Corp., CPC Corp., Yieh United Steel Corp., Everest Textile Co., Foxconn Technology Group and Garmin Corp. have also shown interest in investing in the U.S. The amount of potential investment is estimated to reach US\$34.1 billion. Taiwan stands ready to provide the necessary assistance to our businesses to facilitate this process.

	Manufacturer	Description
1.	Formosa Petrochemicals Corporation	In Texas, Formosa has invested US\$5 billion, and is planning an additional US\$4.2 billion of investment. In Louisiana, Formosa proposes to invest US\$9.2 billion from 2018 to 2026 through two stages. The project is in the process of land acquisition and environmental assessment. The land is estimated to be about 2,000 acres.
2.	Yieh United Steel Corporation	Yieh United Steel is conducting a feasibility study on setting up a factory in southeastern U.S. If successful, it will be the first Taiwanese steel mill in the U.S.
3.	Everest Textile Corporation Ltd.	Everest Textile is currently setting up a plant worth about US\$30 million in Forest City, North Carolina,. The project is scheduled to reach production stage by the end of 2017, and is expected to create 400 to 500 job opportunities.

4.	Foxconn Technology Group	<p>According to the news report from American and Taiwanese media, Foxconn has set plans to invest in the United States.</p> <p>Foxconn announced on April 29, 2017 that it is currently discussing investment plans with the U.S. Government. Presently Foxconn is actively assessing the conditions of manufacturing equipment and possible locations, and will make public its plans once confirmed.</p>
5.	CPC Corp and relevant enterprises	CPC Corp. and related enterprises are planning to invest in the U.S for a petro-chemical project.
6	Garmin Corp.	<p>Garmin has already invested in the navigation, wearable device, aerospace electronics, and relevant industries in Kansas, Texas and Ohio.</p> <p>Garmin is currently making an assessment to increase its investment in Texas up to US\$20 million, which would create more than 1,000 job opportunities.</p>
Preliminary estimate: c.a.US\$34.1billion		

Enthusiastic exchanges between U.S. and Taiwan trade and industry delegations.

The United States and Taiwan have cooperated closely on issues relating to digital economy. Both sides have taken turns to host the “U.S-Taiwan Digital Economy Forum”, which discusses four major topics, including the market conditions and laws and regulations for digital economy, internet of things,

Smart City, and digital finance. In April 2017, Ms. Holly Vineyard, Deputy Assistant Secretary for Global Markets at the U.S. Department of Commerce led the “Smart Technologies - Business Development Mission” to Taiwan. The delegations exchanged views on standardization issues, co-hosted the “Smart Technology Symposium”, and resolved to launch “the Smart Technology Working Group” to amplify cooperation results with Taiwan. Both sides will continue to discuss the future direction in the upcoming Digital Economy Forum.

In addition, Taiwan has shown keen support for the “Select USA” forum hosted by the U.S. Department of Commerce. For the 2017 June event, up until May 3, 2017, over 70 businesses and 100 business executives have signed up to attend. In August 2017, Taiwan will host the third “U.S. Business Day”. In the past two years, over 20 American enterprises have come to this event to explore partnership opportunities. This year there will be another “Investment Opportunities in the U.S.A.” seminar for all the interested Taiwanese companies wanting to invest in the U.S. Furthermore, in September, Taiwan will send a delegation focusing on agricultural products to the U.S.; another delegation of representatives from the manufacturing sector is scheduled for the same month. Indeed, these exchanges help to strengthen bilateral investment, trade, and industrial cooperation of both economies.

Enhancing the quality of the economic and trade relationship between Taiwan and the U.S.

The state and future of U.S.-Taiwan relations is strong and bright, and cannot be defined by trade statistics alone. As previously stated, the U.S. should view its trade with Taiwan in a comprehensive manner and both sides should further

communicate regarding the discrepancy between both sides' trade statistics.

Taiwan also plays an indispensable role in the manufacturing of U.S. high-tech products, which has been rapidly commercialized in the global market. Through such cooperation both industries have forged a strong supply chain and reaped significant benefits. Taiwan is also an important partner for U.S. companies wishing to expand into Asia. Many American companies such as Dell, IBM, Citibank, and Corning have set up operations in Taiwan as a springboard to explore further opportunities in the Asian market.

In addition to its strong industrial clusters for IC design and manufacturing, semiconductor, precision machinery, petrochemical, biotechnology industries, the Government of Taiwan is also promoting its "Five plus Two" Industrial Policy, *i.e.*, the promotion of intelligent machinery, defense aviation, green industry, connect Asia and connect Silicon Valley, New Agriculture and Circular Economy. We implement the policy based on three spindles: connect to the future, connect with the world, and connect with local. We believe that in the process of implementing the policy, which serves to connect Taiwan to the future, to the globe, and to the local economy, Taiwan and the United States will find more opportunities for mutual growth.

The two governments have also set a good record for effectively resolving difficult issues, such as Taiwan's accession to the WTO and IPR issues in the 1990s, through consistent dialogue under the TIFA framework. Patent linkage and data exclusivity are two recent examples of how the two governments came together to resolve difficult issues through effective consultations. Although some outstanding issues remain to be resolved, Taiwan looks forward to working with the U.S. to address these issues under the TIFA platform. In

addition, Taiwan recognizes the policy of “Made in America” and its objective to stimulate job growth and opportunities. Through continuing our partnership of our highly complementary industries, we hope to create more mutually-beneficial business opportunities for both economies.

Taiwan highly cherishes the history, framework, and shared values of the long-term bilateral relationship with the U.S. Taiwan continues to actively seek cooperation with the U.S. to promote economic and trade policies in the multilateral, plurilateral, and bilateral fora. Taiwan also understands that through the change of international circumstances, both sides can continue to work on step-by-step solutions, taking into account our long-standing shared values. Thus, under this strong foundation, Taiwan wishes to increase the frequency of interactions, and to expand the scope of issues for discussion. We look forward to exploring proposals that enhance fair and mutually beneficial trade between our both economies. Notwithstanding the flux of international affairs, maintaining and deepening U.S.-Taiwan relations remains Taiwan’s top priority.

Appendix

Table 1、US-Taiwan Trade

Unit : Billion US dollars

Year	2014	2015	2016
Exports	26.667	25.860	26.045
Imports	40.839	40.908	39.313
Total Trade in Merchandises	67.507	66.768	65.358
Total Trade in Services	20.062	19.952	19.554
Trade Balance in Agricultures (A)	2.778	2.507	2.603
Trade Balance in Manufactures (B)	-16.950	-17.554	-15.871
Trade Balance in Merchandises (A+B)	-14.172	-15.047	-13.268
Trade Balance in Services (C)	5.250	4.653	4.152
Total Trade Balance (A+B+C)	-8.952	-10.394	-9.116

Source : Global Trade Atlas and U.S. Census Bureau.

Table 2 · U.S. Top Ten Trade Deficit Products in 2016 (HS 4 Digit Code)

Unit : Billion US Dollars

HS Code	Product Descriptions	Top 10 deficit products	Share of 10 deficit products and total deficit products	U.S. trade balance with Taiwan	Share of U.S. trade balance with Taiwan and with the world
_Total	All Commodity Chapters	-735.462		-13.27	
8703	Motor Cars & Vehicles For Transporting Persons	-117.572	15.99%	0.125	-0.11%
2709	Crude Oil From Petroleum And Bituminous Minerals	-93.596	12.73%		-
8517	Electric Apparatus For Line Telephony Etc, Parts	-70.127	9.54%	-1.979	2.82%
9801	Country Specific Special Provision-See Detail Code	-57.480	7.82%	-0.773	1.35%
8471	Automatic Data Process Machines; Magn Reader Etc	-52.484	7.14%	-1.529	2.91%
3004	Medicaments Nesoi, Mixed Or Not, In Dosage Etc Fm	-44.667	6.07%	0.043	-0.10%
8708	Parts & Access For Motor Vehicles (Head 8701-8705)	-22.228	3.02%	-1.487	6.69%
8528	Tv Recvrs, Incl Video Monitors & Projectors	-18.563	2.52%	-0.237	1.28%
9403	Furniture Nesoi And Parts Thereof	-18.508	2.52%	-0.579	3.13%
9401	Seats (Except Barber, Dental, Etc), And Parts	-17.999	2.45%	-0.252	1.40%

Source : Global Trade Atlas.

Table 3 · U.S. Top Ten Trade Deficit Products in 2016 (HS 6 Digit Code)

Unit : Billion US Dollars

HS Code	Product Descriptions	U.S. Top 30 deficit products	Share of 30 deficit products and total deficit products	U.S. trade balance with Taiwan	Share of U.S. trade balance with Taiwan and with the world
_Total	All Commodity Chapters	-735.462		-13.268	1.80%
270900	Crude Oil From Petroleum And Bituminous Minerals	-93.596	12.73%		
870323	Pass Veh Spk-Ig Int Com Rcpr P Eng >1500 Nov 3M Cc	-84.438	11.48%	0.064	
980100	Country Specific Special Provision-See Detail Code	-63.668	8.66%	-0.903	1.42%
851712	Phones For Cellular Ntwks Or For Oth Wireless Ntwk	-39.881	5.42%	-0.748	1.88%
300490	Medicaments Nesoi, Measured Doses, Retail Pk Nesoi	-32.247	4.38%	0.031	
870324	Pass Veh Spk-Ig Int Com Rcpr P Eng > 3000 Cc	-31.565	4.29%	0.149	
847130	Port Digtl Automatic Data Process Mach Not > 10 Kg	-30.770	4.18%	-0.668	2.17%
851762	Mach For Recp/Convr/Trans/Regn Of Voice/Image/Data	-26.445	3.60%	-1.022	3.87%
999995	Country Specific Special Provision-See Detail Code	-16.745	2.28%	-0.526	3.14%
847150	Digital Processing Units, N.E.S.O.I.	-13.462	1.83%	-0.094	0.70%

Source : Global Trade Atlas.

Table 4 · U.S. TOP Ten Trade Balance with Taiwan and with World (HS 4 Digit Code)

Unit : Billion US Dollars

U.S. top 10 trade deficit products <u>with World</u>						U.S. top 10 trade deficit products <u>with Taiwan</u>					% of U.S. trade balance with <u>Taiwan and with world</u>		
HS	Product Descriptions	2014	2015	2016	% in 2016	HS	Product Descriptions	2014	2015	2016	2014	2015	2016
8703	Motor Cars & Vehicles For Transporting Persons	-92.7	-111.8	-117.6	15.99%	8517	Electric Apparatus For Line Telephony Etc, Parts	-2.6	-2.2	-2.0	4.2%	3.3%	2.8%
2709	Crude Oil From Petroleum And Bituminous Minerals	-234.8	-117.3	-93.6	12.73%	8471	Automatic Data Process Machines; Magn Reader Etc	-1.4	-1.2	-1.5	2.6%	2.1%	2.9%
8517	Electric Apparatus For Line Telephony Etc, Parts	-61.6	-66.9	-70.1	9.54%	8708	Parts & Access For Motor Vehicles (Head 8701-8705)	-1.4	-1.5	-1.5	7.2%	7.2%	6.7%
9801	Country Specific Special Provision-See Detail Code	-51.5	-56.3	-57.5	7.82%	8525	Trans Appar For Radiotele Etc; Tv Camera & Rec	-0.7	-1.4	-1.4			
8471	Automatic Data Process Machines; Magn Reader Etc	-54.6	-55.6	-52.5	7.14%	7318	Screws, Bolts, Nuts, Washers Etc, Iron Or Steel	-1.5	-1.6	-1.4			
3004	Medicaments Nesoi, Mixed Or Not, In Dosage Etc Fm	-30.5	-39.3	-44.7	6.07%	8523	Prepared Unrecorded Media (No Film) For Sound Etc.	-0.8	-1.1	-1.2			
8708	Parts & Access For Motor Vehicles (Head 8701-8705)	-19.9	-21.2	-22.2	3.02%	8473	Parts Etc For Typewriters & Other Office Machines	-1.3	-1.1	-1.1			
8528	Tv Recvrs, Incl Video Monitors & Projectors	-22.5	-22.0	-18.6	2.52%	9801	Country Specific Special Provision-See Detail Code	-0.8	-0.8	-0.8	1.5%	1.4%	1.3%
9403	Furniture Nesoi And Parts Thereof	-15.1	-17.2	-18.5	2.52%	9506	Artls & Equip F Genrl Physcl Exerc Etc; Pools; Pts	-0.6	-0.7	-0.7			
9401	Seats (Except Barber, Dental, Etc), And Parts	-15.8	-17.6	-18.0	2.45%	8512	Electric Light Etc Equip; Windsh Wipers Etc, Parts	-0.6	-0.7	-0.6			

Source : Global Trade Atlas.

Table 5 、 U.S. TOP Ten Trade Balance with Taiwan and with World (HS 6 Digit Code)

Unit : Billion US Dollars

U.S. top 10 trade deficit products <u>with World</u>						U.S. top 10 trade deficit products <u>with Taiwan</u>					% of U.S. trade balance with Taiwan and with world		
HS	Product Descriptions	2014	2015	2016	% in 2016	HS	Product Descriptions	2014	2015	2016	2014	2015	2016
270900	Crude Oil From Petroleum And Bituminous Minerals	-234.8	-117.3	-93.6	12.73%	847330	Parts & Accessories For Adp Machines & Units	-1.2	-1.0	-1.1			
870323	Pass Veh Spk-Ig Int Com Rpr P Eng >1500 Nov 3M Cc	-58.5	-75.7	-84.4	11.48%	852351	Solid-State Non-Vol Semiconductor Storage Devices	-0.6	-1.0	-1.1			
980100	Country Specific Special Provision-See Detail Code	-56.8	-62.0	-63.7	8.66%	851762	Mach For Recp/Convr/Trans/Regn Of Voice/Image/Data	-0.7	-0.9	-1.0	4.5%	4.0%	3.9%
851712	Phones For Cellular Ntwks Or For Oth Wireless Ntwk	-41.8	-42.2	-39.9	5.42%	980100	Country Specific Special Provision-See Detail Code	-0.9	-0.9	-0.9	1.5%	1.5%	1.4%
300490	Medicaments Nesoi, Measured Doses, Retail Pk Nesoi	-18.7	-27.0	-32.2	4.38%	854239	Electronic Integrated Circuits, Nesoi	-0.7	-0.8	-0.8			
870324	Pass Veh Spk-Ig Int Com Rpr P Eng > 3000 Cc	-37.8	-37.0	-31.6	4.29%	851712	Phones For Cellular Ntwks Or For Oth Wireless Ntwk	-1.6	-1.1	-0.7	3.8%	2.7%	1.9%
847130	Port Digtl Automatic Data Process Mach Not >	-35.6	-33.6	-30.8	4.18%	852560	Transmission App Incorp Reception, For Radio Or	-0.1	-0.7	-0.7			

	10 Kg						Tv						
851762	Mach For Recp/Conv/Trans/Regn Of Voice/Image/Data	-16.3	-21.6	-26.4	3.6%	847130	Port Digtl Automatic Data Process Mach Not > 10 Kg	-0.4	-0.3	-0.7	1.2%	0.9%	2.2%
999995	Country Specific Special Provision-See Detail Code	-17.0	-17.1	-16.7	2.28%	852580	Television Camera, Digitl Camra & Vid Cam Recorder	-0.4	-0.5	-0.6			
847150	Digital Processing Units, N.E.S.O.I.	-8.1	-11.1	-13.5	1.83%	851220	Elect Lighting/Visual Signlng Eq Ex For Bicycles	-0.6	-0.6	-0.6			

Source : Global Trade Atlas.

Table 6 、 The relations between Taiwan and U.S. on Semiconductor: log-linear regression model

Variables	Taiwan exports HS 8542 to U.S. Coefficients (Standard Errors)
Taiwan imports HS 8542 from U.S.	1.203 (0.101)***
Constant term	-1.322(0.651)*
R ² =0.8498	
Correlation Coefficient = 0.9218	

Note 1 : Data is from Global Trade Atlas and the observation period is from 1990 to 2016.

Note 2 : ***, **, * denote statistical significance at the 1%, 5%, and 10% level, respectively.

Table 7 、 Differences between Taiwan and U.S. Trade Statistics

Unit : Billion US Dollars

Year	Taiwan Statistics				U.S. Statistics			
	Exports	Imports	Trade Balance	Total Trade	Exports	Imports	Trade Balance	Total Trade
2014	34.866	27.422	7.444	62.288	26.667	40.839	14.172	67.507
2015	34.249	26.409	7.840	60.658	25.860	40.908	15.047	66.768
2016	33.523	28.597	4.926	62.120	26.045	39.313	13.268	65.358

Source : Global Trade Atlas and Bureau of Foreign Trade, MOEA, Taiwan.

Table 8 · Differences between Taiwan and U.S. Trade Statistics - Electronic Integrated circuits

Unit : Billion US Dollars

HS4/HS6	Product Descriptions	Taiwan Trade Values in 2016			U.S. Trade Values in 2016			Difference between (c) and (f)	(a)-(e)
		Exports to U.S. (a)	Imports from U.S. (b)	TW-US Trade Balance (c)	Exports to TW (d)	Imports from TW (e)	US-TW Trade Balance (f)		
	Total Trade	33.523	28.597	4.926	26.045	39.313	-13.268	-8.342	-5.790
8542	Electronic Integrated circuits	1.329	3.743	-2.414	3.361	3.480	-0.118	2.296	-2.151
854231	Electronic integrated circuits; processors and controllers, whether or not combined with memories, converters, logic circuits, amplifiers, clock and timing circuits, or other circuits	0.038	0.081	-0.044	1.557	1.206	0.350	-0.307	-1.169
854232	Electronic integrated circuits; memories	0.163	0.507	-0.344	1.047	0.689	0.358	-0.014	-0.526
854239	Electronic integrated circuits; n.e.c. in heading no. 8542	1.123	3.145	-2.021	0.658	1.480	-0.822	1.199	-0.357
854233	Electronic integrated circuits; amplifiers	0.002	0.006	-0.003	0.052	0.075	-0.024	-0.020	-0.073
854290	Parts of electronic integrated circuits	0.003	0.004	-0.002	0.049	0.029	0.020	-0.018	-0.027
8541	Diodes, transistors, similar semiconductor devices; including photovoltaic cells assembled or not in modules or panels, light-emitting diodes (LED), mounted piezo-electric crystals	0.171	0.107	0.064	0.356	0.564	-0.208	-0.144	-0.393

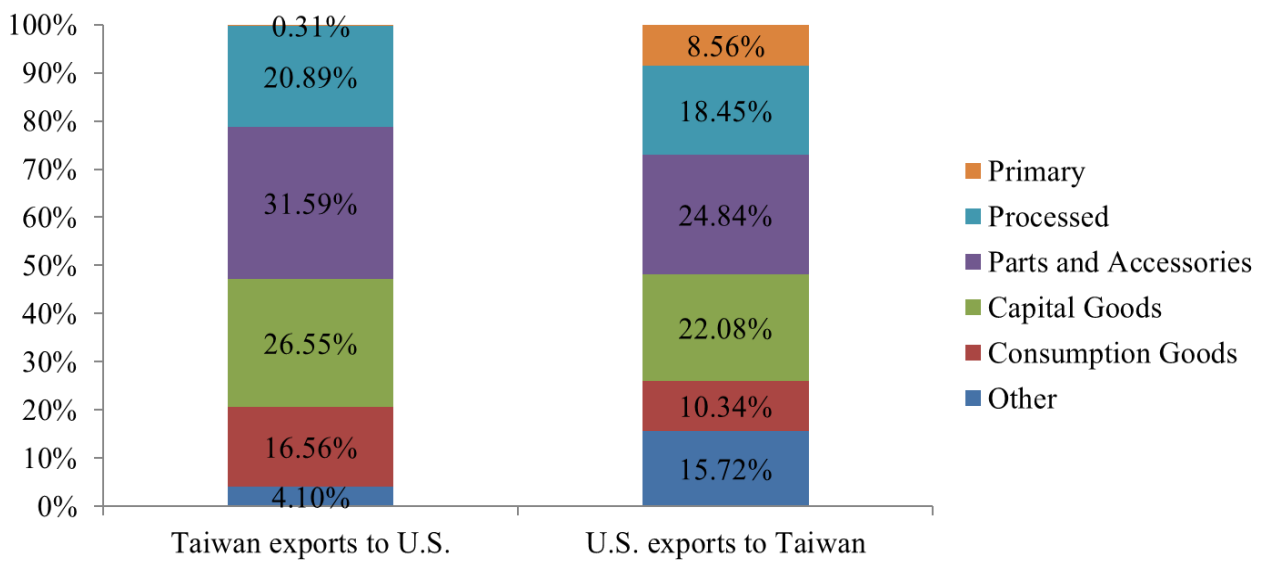
854140	Electrical apparatus; photosensitive, including photovoltaic cells, whether or not assembled in modules or made up into panels, light-emitting diodes (LED)	0.108	0.038	0.070	0.264	0.363	-0.099	-0.029	-0.255
854150	Electrical apparatus; photosensitive semiconductor devices n.e.c. in heading no. 8541, including photovoltaic cells, whether or not assembled in modules or made up into panels	0.000	0.017	-0.017	0.049	0.092	-0.043	-0.026	-0.091
854110	Electrical apparatus; diodes, other than photosensitive or light-emitting diodes (LED)	0.027	0.020	0.007	0.012	0.049	-0.038	-0.030	-0.022
854129	Electrical apparatus; transistors, (other than photosensitive), with a dissipation rate of 1W or more	0.003	0.020	-0.017	0.018	0.016	0.001	0.016	-0.013
854190	Electrical apparatus; parts for diodes, transistors and similar semiconductor devices and photosensitive semiconductor devices	0.005	0.009	-0.004	0.002	0.013	-0.012	-0.008	-0.008
854121	Electrical apparatus; transistors, (other than photosensitive), with a dissipation rate of less than 1W	0.001	0.000	0.000	0.008	0.006	0.003	-0.002	-0.005
854130	Electrical apparatus; thyristors, diacs and triacs, other than photosensitive devices	0.000	0.000	0.000	0.000	0.000	-0.000	0.000	0.000
854160	Crystals; mounted piezo-electric	0.026	0.002	0.024	0.003	0.025	-0.021	0.003	0.002

Table 9 、 US-Taiwan Foreign Direct Investment Flows

Unit : Thousand US dollars

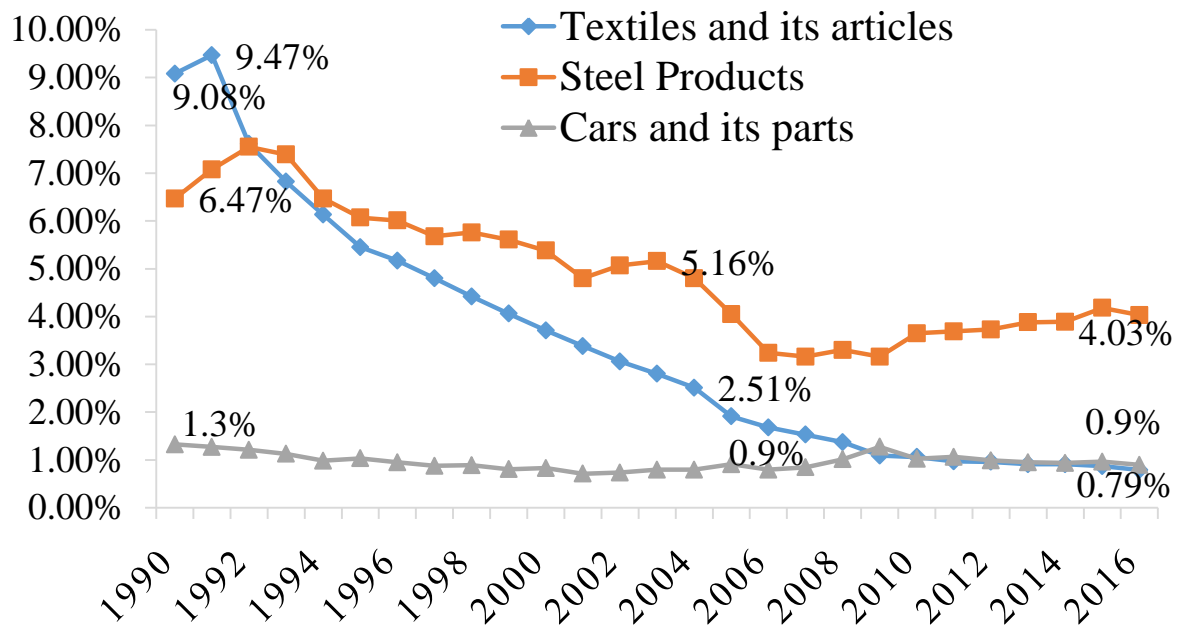
US investment in Taiwan			Taiwan investment in US		
Year	Number of case	Amount	Year	Number of case	Amount
2012	285	401,957	2012	54	144,137
2013	293	580,633	2013	67	416,023
2014	264	143,445	2014	83	282,293
2015	253	127,655	2015	53	362,479
2016	239	138,174	2016	67	319,768

Source : Investment Commission, MOEA, Taiwan.



Source : Global Trade Atlas.

Figure 1 、 Taiwan - U.S. respective exporting structures (2016)



Source : Global Trade Atlas.

Figure 2 、 The Trend of U.S. Imports Traditional Industrial Products from Taiwan (%)