



OCTOBER 2022

It's Moving Time

*Taiwanese Business Responds to Growing
U.S.-China Tensions*

AUTHOR
Scott Kennedy

A Report of the CSIS Trustee Chair in Chinese Business and Economics

CSIS | CENTER FOR STRATEGIC &
INTERNATIONAL STUDIES

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About the Trustee Chair in Chinese Business and Economics

The Trustee Chair in Chinese Business and Economics at CSIS provides unparalleled thought leadership for the policy community by examining the hidden dynamics of China's economy and its implications for industries and other countries. The program's work—through research, publications, events, and outreach—focuses on China's overall economic trajectory, industrial policy, and role in clean tech and addressing climate change, as well as America's China policy.

The program goes beyond the headlines to examine companies, financial institutions, and evolving business models and the domestic and international regulatory and policy environments in which they operate. Taking into account China's domestic dynamics, international role, bilateral relations, and global governance regimes, the Trustee Chair provides analysis that no one else can match.

Acknowledgments

Understanding the views of company executives about the relationship between their businesses and world affairs is always difficult. There are many issues on which they have views they are hesitant to share, and there are some issues they think about differently than scholars or policymakers. Understanding their views during a pandemic is even more challenging. Fieldwork is essentially impossible, denying the ability to survey in-person or interview individual companies before or after the survey.

Luckily, this report benefits from the expertise of many people. A special thanks goes to the survey firm Qualtrics for developing the capacity to carry out online surveys worldwide, including in Taiwan. Their platform and expertise made this project feasible. The design of the survey benefited from input from friends at the American Chamber of Commerce in Taiwan, including Andrew Wylegala, Andrea Wu, and Jeremy Oliver, as well as Nathan Batto from the Institute of Political Science at Academia Sinica.

Several colleagues at CSIS worked tirelessly to make this report possible. Research Associate Maya Mei and Research Interns Monica Lu and Yiou Zhang did a tremendous job in helping to design and implement the survey and analyze the results. Associate Director Elyse Huang, Program Coordinator R. Matthew Barocas, and Research Intern Irene Ezran provided invaluable assistance with analysis and editing in the final stages of the project.

Bonnie Glaser of the German Marshall Fund provided careful and insightful feedback on an earlier draft, identifying potential weaknesses in the data and strengthening the analysis.

Although these individuals helped improve the study in numerous ways, the conclusions conveyed in this report and any remaining errors are the sole responsibility of the author. In order to facilitate further research that could address weaknesses and unexplored issues in the report, the original data will be made available to other scholars. Those interested in conducting additional research may directly contact the author.

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Executive Summary

The Washington policy community is quite familiar with the views that American and European companies hold toward China, but less clear are the views of a group of commercial actors central to the story of the world's interaction with China: Taiwanese business executives. Their views have implications for Taiwan's economic trajectory, cross-strait relations, global supply chains, and the effectiveness of American policy in the region.

To address this gap in understanding, the Trustee Chair in Chinese Business and Economics at CSIS conducted a formal survey of Taiwanese companies and asked them for their views about the evolving environment on the island and beyond. The online, Chinese-language survey queried over 500 companies about their business performance, Taiwan's economy, the Covid-19 pandemic, international economic issues, and cross-strait relations. The survey was conducted in late July 2022, just prior to the visit of Nancy Pelosi, speaker of the U.S. House of Representatives, to the island.

Although the opinions of Taiwanese business executives varied widely, several important patterns and themes emerged. Taiwanese companies are highly concerned about their potential overdependence on the Chinese economy and the possibility of a military conflict. As a result, there is significant support for expanding trade and investment ties via regional arrangements and bilaterally with the United States, as well as for maintaining Taiwan's technological edge through more spending on research and development and broadening restrictions for technology transfer to China. But perhaps the most noteworthy finding is that Taiwanese companies appear to be moving their businesses at numbers far higher than in the past. Many are moving some of their operations and sourcing away from China, while a smaller percentage are actually moving out of Taiwan and to, among other places, Mainland China. And some are simultaneously doing both.

The increase in both trends—moving out of China but also moving some operations into China—mirrors patterns occurring among Western counterparts but appears to be happening for somewhat different reasons.

Whereas Western firms' decisions seem to be driven by reactions to China's Covid-19 policies, Taiwanese firms' decisions appear to be shaped not only by Covid-19 but by their perspectives about Taiwan's economy, the island's economic linkages, cross-strait politics, and security concerns, particularly the prospects of a U.S.-China military confrontation.

These trends do not collectively add up to a wholesale decoupling between Taiwan and China. The economies on the two sides of the Taiwan Strait are highly interdependent and likely to remain so. And companies who reported moving were only saying they were moving a portion of their production and sourcing, not all of it. Nevertheless, as Taiwanese firms diversify regionally and organize their production and sourcing in similar ways to other multinationals, some elements of the relationship with China are being attenuated and reshaped in ways one would not have foreseen a decade ago.

The views and actions of Taiwanese companies documented in the survey create challenges for everyone involved: for China, which needs to arrest this crisis of confidence; for Southeast and Northeast Asian countries, which are trying to attract Taiwanese investment; for Taiwan, which must find a balance between diversifying away from China while maintaining continued economic ties that work in the island's favor; and for the United States, which wants to support Taiwan's continued economic health and vibrancy and have China continue to be dependent on the island's semiconductor industry and other sectors because of the broader leverage it provides to Taiwan and its closest friends.

Missing Views

The Washington policy community is quite familiar with the views that American and European companies hold toward China. Western multinationals lobbied heavily for China's entry into the World Trade Organization (WTO) and the broader strategy of engagement. In the last five years, their views and behavior have fragmented and shifted. As problems in China and U.S.-China relations have risen, support for unconditional engagement has dampened. Companies are adapting to U.S.-China strategic competition by moving more of the supply chain of goods destined for China into China and diversifying some of their global supply chain activity that is in China to elsewhere. Their evolving stance is documented partly through observation of trade and investment statistics but also through surveys of Western businesses that have been regularly conducted for decades by several national chambers of commerce and other industry groups. These surveys shed light on a wide diversity of topics and, through their repetition, allow observers to see how developments such as China's Zero-Covid policy affect companies.

Less clear are the views of a group of commercial actors central to the story of the world's interaction with China: Taiwanese business executives. Their views should matter. To Taiwan's authorities, business is a major source of the island's economic dynamism and international commercial relevance, not just in semiconductors but in a range of industries, particularly in the context of limited diplomatic recognition. Mainland Chinese officials have long courted Taiwanese businesses to facilitate China's economic development and industrial progress. Beijing has also seen Taiwanese firms as central targets of their "peaceful unification" strategy, seeking to win over their support through greater commercial opportunities. For the United States, Taiwanese companies are central to its bilateral economic relationship with the island as well as efforts to win the economic competition with China and develop stronger ties among likeminded technology leaders.

The views of Taiwanese business executives are also highly relevant simply because of how large the cross-strait economic relationship has become and how closely the island is connected to global supply chains in multiple industries. In 2021, two-way trade between China (both Mainland China and Hong Kong) and Taiwan was \$273 billion, with China accounting for 42.3 percent of Taiwan's exports. Through the end of 2021, cumulative Taiwanese investment in China totaled nearly \$200 billion. And as of 2020 (the last year for which data is available), there were an estimated 240,000 Taiwanese working in Mainland China (Chinese sources set the figure at 158,000).¹

Although their perspectives matter, there are very few surveys of Taiwanese businesspeople, at least in English. Some local industry groups occasionally poll Taiwanese companies, but the full results from those surveys are rarely published, let alone translated. The American Chamber of Commerce in Taiwan conducts an annual survey of its members, but they are almost all U.S.-based companies. Similarly, the Japan External Trade Organization only surveys Japanese companies operating in Taiwan.² Understanding of Taiwanese industry comes mainly through interviews with a small number of major companies, including the Taiwan Semiconductor Manufacturing Company, MediaTek, Foxconn, and Acer.

Perhaps one reason for limited interest in the views of Taiwanese industry is the expectation that they may primarily act as followers, reacting to the behavior of their Western counterparts, and therefore will be lagging, not leading, indicators of new trends. But that is not necessarily the case; in fact, Taiwanese companies have a reputation for not heeding the advice of their government and pursuing their corporate self-interest wherever it may lead. For many, that has meant expanding business in China at breakneck speed. But their self-interest may also be leading them in other directions.

To address this gap in understanding, the Trustee Chair in Chinese Business and Economics at CSIS conducted a formal survey of Taiwanese companies and asked them for their views about the evolving environment on the island and beyond. The online, Chinese-language survey queried over 500 companies about their business performance, Taiwan's economy, the Covid-19 pandemic, international economic issues, and cross-strait relations.

Although their opinions varied widely, several important patterns and themes emerged. Taiwanese companies are highly concerned about their potential overdependence on the Chinese economy and the possibility of a U.S.-China military conflict. As a result, there is significant support for expanding trade and investment ties via regional arrangements and bilaterally with the United States as well as maintaining Taiwan's technological edge through more spending on research and development (R&D) and broadening restrictions for technology transfer to China. But perhaps the most noteworthy finding is that Taiwanese companies appear to be moving their businesses far more often than in the past. Many are moving some of their operations away from China, while a smaller percentage are actually moving out of Taiwan and to, among other places, Mainland China. And some are simultaneously doing both. Interestingly, the increase in both trends—moving out of China but also moving some operations into China—mirrors patterns occurring among Western counterparts but appears to be happening for somewhat different reasons.

The next section of this report explains the background and design of the survey and the composition of the respondents. This is followed by a summary of the most important findings from the survey. The discussion then turns to digging further into analyzing the reasons why companies are moving. The conclusion summarizes the findings and considers the policy implications for all of the major players affected by the views and behavior of Taiwanese companies.

Survey Design and the Sample

The CSIS study draws heavily on questions from several types of business climate surveys: by the American Chamber of Commerce in China, the European Chamber of Commerce in China, and Japan External Trade Organization about the views and experience of their nationals' behavior in China; by the American Chamber of Commerce in Taiwan about their members' experience in Taiwan; and general surveys in Taiwan about views regarding cross-strait relations. CSIS first designed the survey in English and then translated it into Chinese.³ The global online survey firm Qualtrics carried out the survey on its platform, which contacts potential respondents by email and provides a link to the survey instrument. By coincidence, the survey occurred from July 25 to August 1, 2022, meaning that the visit of Nancy Pelosi, the speaker of the U.S. House of Representatives, to Taiwan was already in the news but had not yet occurred; hence, China had signaled it would respond with sanctions and exercises, but no steps had yet been taken. Thus, the survey occurred just prior to the onset of Fourth Taiwan Strait Crisis.

Following a small pretest, 525 firms completed the final survey (see Figure 2.1). The respondents, holding a range of management positions in their companies, represented a wide cross section of industries. The majority (53.1 percent) of the respondents were in services, another large portion (43.2 percent) were in industry, and the remainder (3.6 percent) was in agriculture. This is not far from their actual relative contribution to GDP: services contribute 61.3 percent, industry contributes 37.1 percent, and agriculture contributes 1.6 percent. Digging a little deeper, the companies hailed from roughly 20 sectors: a plurality were in manufacturing (24.8 percent); followed by wholesalers and retailers (15.8 percent); professional, scientific, and technical services (12.4 percent); and construction (7.8 percent).⁴ According to the Taiwan Ministry of Economic Affairs, 26.9 percent of all companies registered in Taiwan are manufacturers, indicating this study's sample was similar to the

total population.⁵ The sample contained companies of all sizes, with 57.3 percent having 200 or fewer employees, 28.4 percent having between 200 and 1,000 employees, and 14.3 percent having over 1,000 employees. The vast majority (94.7 percent) were headquartered in Taiwan, with the remainder hailing from North America (1.7 percent), Northeast Asia (1.5 percent), Mainland China (0.9 percent), Southeast Asia (0.6 percent), and Europe (0.6 percent).

Figure 2.1: The Survey Sample (% , N=525)

Size (number of employees)		Profitable		Industry	
0-5	7.0	Yes	85.3	Agriculture	3.6
6-20	17.0	No	12.2	Industry	43.2
21-200	33.3	Don't know	2.5	Services	53.1
201-1,000	28.4				
1,001+	14.3				

Age of Company (years)		Mainland China Revenue Share		Top Sectors	
<5	6.5	<10%	52.4	Manufacturing	24.8
5-10	13.0	10-<25%	21.7	Sales	15.8
11-20	27.4	25-<35%	16.4	Tech Services	12.4
21-30	23.6	35-<50%	5.1	Construction	7.8
31+	29.5	50-100%	4.4	Finance & Insurance	6.9
				Education	4.4
				Hotels & Food Service	4.2
				Publishing & Broadcasting	4.2

Source: "CSIS Taiwan Global Business Climate Survey," CSIS Trustee Chair in Chinese Business and Economics. See the Appendix.

Three qualities stand out about the sample. First, a large majority (85.3 percent) of surveyed firms were profitable overall in 2021. Second, there was a high level of dependence on China; 60.8 percent of respondents had ongoing operations in China. Just over half of respondents (52.4 percent) reported that China accounts for less than 10 percent of their total revenue, and another 21.7 percent said China accounts for 10 to 25 percent of their business. That means 25.9 percent depended on China for a quarter or more of their revenue. And third, at 23.2 percent, this sample was somewhat less

supportive of Taiwan's de jure independence than the general population (30.3 percent), with a survey from April 2022 showing that 5.4 percent support declaring independence as soon as possible and another 25.2 percent favor maintaining the status quo for now but eventually moving toward independence.⁶ (Polls on sovereignty preferences by the Taiwan Public Opinion Foundation show higher support for independence, but they are generally considered less credible.⁷)

The combination of these three factors suggests that the companies in this survey are collectively as connected with Mainland China as one could find in Taiwan. This is a group that should be highly committed to the market and not supportive of positions that would create cross-strait frictions and barriers or make commerce more difficult. That is why the results of this survey are so startling.

The Results

Adapting to Changing Risks

The major takeaway from this survey is that although Taiwanese companies are not advocates of outright decoupling with China and onshoring, as of mid-2022 they collectively are diversifying and seeking other ways to manage their risks and create new opportunities in a complex and changing world. So that analysts can draw their own conclusions, the Appendix to this report contains the entire survey (in both English and Chinese), together with a summary of the results for each question. This section's goal is to highlight the survey's most significant findings.

1. Taiwanese companies are worried about the risks of doing business with China in an era of growing security tensions, technological competition, and the Covid-19 pandemic.

As noted above, 60.8 percent of the respondents had business in China, and 85.3 percent were profitable in 2021. Nevertheless, 76.3 percent of respondents agreed with the statement, "Taiwan needs to reduce its economic dependence on Mainland China," while only 21.2 percent disagreed. Diversification has been a major component of Taiwanese policy in the past few years and is reflected in statements by Taiwanese policymakers, but the respondents believed that more needs to be done.⁸ It appears this conclusion is affected by worries about a potential U.S.-China military conflict and China's Zero-Covid policy. In the survey, 38.7 percent of respondents either "strongly agreed" or "somewhat agreed" with the statement: "There will be some sort of military conflict in U.S.-China relations in the next 5 years." This figure, which tracks closely with general public polls, is a minority viewpoint (50.5 percent said they do not expect a conflict) but still reflects a substantial level of anxiety.⁹ Respondents were split when asked if having a world-leading semiconductor industry would either reduce the likelihood of a Chinese attack or increase the likelihood others would come to Taiwan's defense. Over half (50.5 percent) believed Taiwan's semiconductor industry makes an attack by Beijing less likely (compared to 42.6 percent who disagreed), while a similar number (54.8 percent)

agreed that the “U.S. and others will send troops to defend Taiwan in the case of a war with Mainland China because of Taiwan’s leading strengths in semiconductor manufacturing,” as opposed to 36.2 percent who disagreed.

A significant portion of Taiwanese companies also reported being hurt by China’s Zero-Covid policies. Nearly half of respondents (45.7 percent) said that Zero-Covid had a “somewhat negative” (34.5 percent) or “very negative” (11.2 percent) effect on their company’s revenue, while only 15.0 percent said it had a positive effect (39.2 percent said it had no effect). China has repeatedly said that its Zero-Covid policy would remain unchanged, creating an expectation of continued unpredictability for business operations in China going forward.

As a consequence of these worries, Taiwanese companies are seeking to address these risks in several ways.

2. Taiwanese industry sees value in the island being included in a wide range of commercial arrangements in the region and with the United States.

Although Mainland China is by far Taiwan’s largest trading partner and the greatest recipient of Taiwan’s cumulative investment over the past three decades, the companies polled in this survey still ranked China as a less important “economic partner” than others. Using a scale from 1 to 5, with 1 being irrelevant and 5 being extremely important, China finished last among the five choices: the United States (4.00), Japan (3.87), Europe (3.61), ASEAN (3.60), and Mainland China (3.50).

When asked to identify the factors “possibly negatively impacting your company’s business operations and competitive positioning in the coming year,” the single most common factor mentioned was “Taiwan’s exclusion from multilateral/bilateral trade pacts” (29.7 percent), followed by “insufficient talent” (22.1 percent) and “cybersecurity threats” (19.6 percent). Lack of participation in international agreements was among the top three choices of 64.9 percent of respondents. Hence, it is not surprising that respondents identified several regional arrangements as important to their businesses (see Figure 3.1).

Although the Cross-Straits Economic Cooperation Framework Agreement (ECFA) was most often selected as companies’ top priority (28.8 percent)—reflecting a continued interest in extensive, if attenuated, cross-strait ties—the two arrangements Taiwanese companies were most broadly eager to join were the 15-member Regional Comprehensive Economic Partnership (RCEP) and the 11-member Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), likely because of their large memberships.¹⁰ Taiwan formally applied to join the CPTPP in September 2021, but its chances of joining remain decidedly low, particularly without the United States as a member.¹¹ And Taiwan has not applied to join the RCEP; given that the arrangement includes China but not the United States, Taiwan’s prospects for joining are even lower. Respondents were somewhat less interested in the four-member Digital Economy Partnership Agreement (DEPA), Taiwan’s New Southbound Policy, and the U.S.-led Indo-Pacific Economic Framework for Prosperity (IPEF).¹² And very few respondents expressed interest in China’s Belt and Road Initiative.

Figure 3.1: Preferred Regional Arrangements

Q: Which of the following regional initiatives could be the most important to your business in Taiwan? (Please rank your top three options.)

	Top 3 (n)	Top 3 (%)	Top (n)	Top (%)
Regional Comprehensive Economic Partnership (RCEP)	356	67.8	102	19.4
Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)	353	67.2	138	26.3
Cross-Straits Economic Cooperation Framework Agreement (ECFA)	290	55.2	151	28.8
Digital Economy Partnership Agreement (DEPA)	234	44.6	45	8.6
New Southbound Policy (for interaction with Indo-Pacific neighbors)	136	25.9	21	4.0
Indo-Pacific Economic Framework for Prosperity (IPEF)	111	21.1	13	2.5
Belt and Road Initiative (BRI)	28	5.3	2	0.4
None	67	12.8	53	10.1

Source: See the Appendix.

Interest in IPEF was low, perhaps because it is just getting started and the chances of Taiwan joining seem quite low, but the surveyed companies did see some bilateral agreements with the United States as valuable (see Figure 3.2).

Figure 3.2: Bilateral Agreements with the United States

Q: Which of the following Taiwan-U.S. cooperative arrangements could be the most important to your business in Taiwan? (Please rank your top three options.)

	Top 3 (n)	Top 3 (%)	Top (n)	Top (%)
Trade and Investment Framework Agreement (TIFA)	341	65.0	99	18.9
Formal Bilateral Trade Agreement	336	64.0	117	22.3
Technology Trade and Investment Collaboration Framework	276	52.6	89	17.0
Economic Prosperity Partnership Dialogue	264	50.3	78	14.9
U.S.-Taiwan Initiative on 21st-Century Trade	143	27.2	46	8.8
Double Taxation Agreement with the United States	137	26.1	41	7.8
None	78	14.9	55	10.5

Source: See the Appendix.

The most widely supported arrangement (garnering the most top-three votes) was the Trade and Investment Framework Agreement (TIFA), a mechanism created in 1994 which has facilitated bilateral dialogue and negotiation on a range of issues.¹³ But the most sought-after deal was a formal bilateral

trade agreement (BTA), something Taiwan's leadership has pursued with the United States for several years. A series of U.S. administrations have rejected negotiating a formal BTA. Most recently, the Biden administration and Taiwan agreed to launch talks on the U.S.-Taiwan Initiative on 21st Century Trade, which contains several elements found in IPEF.¹⁴ This arrangement likely garnered little attention since the announcement to begin negotiations was only made after this survey was conducted. Support for a double-taxation agreement was lower than all of the other options and, according to surveys from the American Chamber of Commerce in Taiwan, is a far lower priority than for American companies who do business in Taiwan.¹⁵

3. Taiwanese companies think it is important to keep their technological advantage over China.

When asked on its own, a high proportion of respondents (67.0 percent) agreed that "Taiwan should expand its restrictions on high-tech trade and investment with Mainland China." But when placed alongside a range of choices, respondents preferred strengthening Taiwan's own capabilities relative to restricting interactions with Mainland China (see Figure 3.3). The most frequently chosen approach was an expansion of R&D spending. There was some support for restricting technology transfer, but primarily in the context of dual-use technologies that could directly be channeled into military applications.

Figure 3.3: How Should Taiwan Keep Its Technological Edge?

Q: What would be the single most important measure to protect Taiwan's technology advantages? (Choose only one.)

	n	%
Expand R&D spending in Taiwan	186	35.4
Rigorous export controls on dual-use (civilian and military) technologies	111	21.1
Inward investment restrictions (Mainland China into Taiwan)	65	12.4
Outward investment restrictions (Taiwan into Mainland China)	65	12.4
Restrictions on Taiwanese employees working for Chinese high-tech companies	64	12.2
Expand the number of S&T university and post-university graduates in Taiwan	34	6.5

Source: See the Appendix.

4. Taiwanese companies report that they have or are considering moving some of their operations and sourcing from China at levels not seen among their counterparts from elsewhere. Some are also moving from Taiwan as well.

The survey asked respondents if they have business in Mainland China. Those who answered in the affirmative were then asked if they have already moved, are considering moving, or have no plans to move manufacturing or sourcing from Mainland China. Those who said they have or are planning to do so were then asked about the destinations of their relocation. All firms were also asked a parallel set of questions about their operations in Taiwan.

As Figure 3.4 shows, the results are striking. Over a quarter (25.7 percent) of the surveyed Taiwanese firms with business in China had already moved some of their production or sourcing out of China, and another third were considering doing so. (Although not exactly parallel, the American Chamber of Commerce in Taiwan reported in their latest survey that around 16.1 percent of their members, all American companies, had “redirected business from China to Taiwan over the past five years.”) Only 31.1 percent said they had no plans to move at all. Of those on the move, a substantial majority (63.1 percent) were moving to Southeast Asia, but slightly over half were moving some of their business back to Taiwan. And just under one-fifth (19.5 percent) were moving to Northeast Asia (Japan and South Korea). Despite all the talk of India as the next best option due to its scale, only 10.3 percent said they were moving to South or Central Asia, the same figure as moving to North America.

Figure 3.4: It’s Moving Time

Q: Is your company considering, or has it already begun the process of, relocating manufacturing or sourcing outside of Mainland China or Taiwan? (%)

		Already Moved	Considering Moving	Not Moving
Moving From	Mainland China	25.7	33.2	31.1
	Taiwan	13.0	20.8	54.3

Moving To*								
		Southeast Asia	Taiwan	Mainland China	Northeast Asia	South and Central Asia	North America	Oceania
Moving From	Mainland China	63.1	51.3	-	19.5	10.3	10.3	7.2
	Taiwan	67.8	-	20.9	29.4	14.1	9.6	13.6

Note: * Respondents were asked to check all that apply; hence, the total is greater than 100%.

Source: See the Appendix.

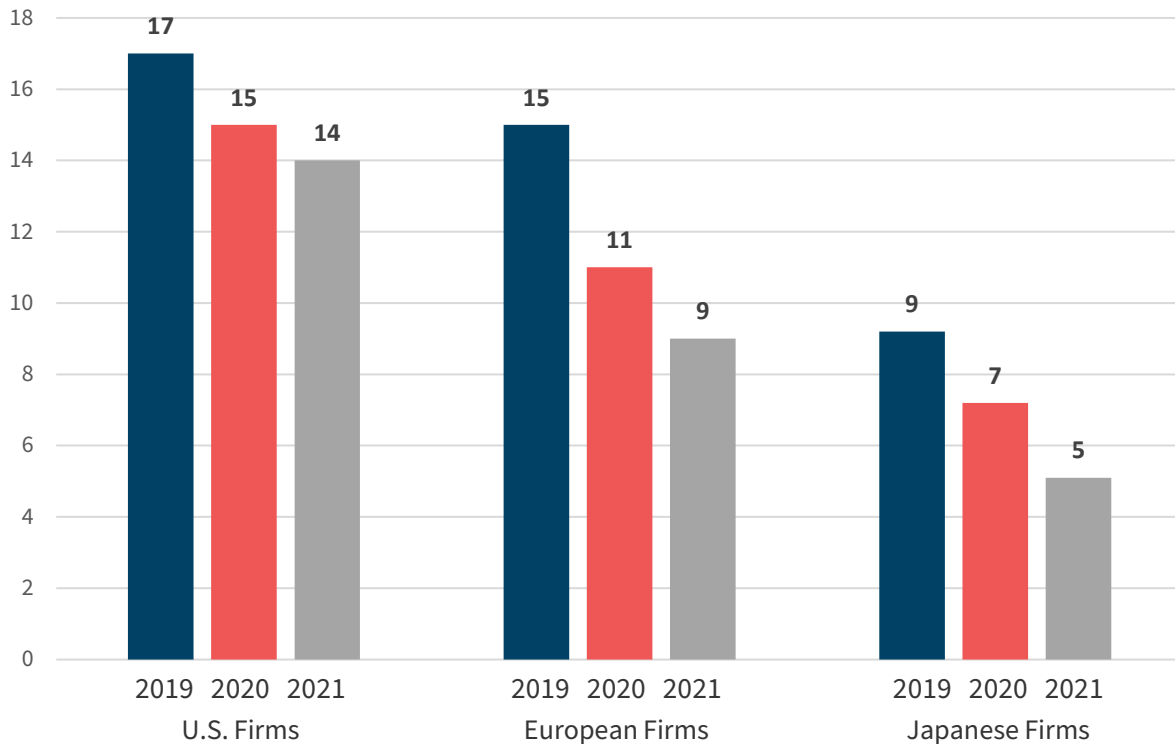
But Taiwanese companies are not only moving from China; they are, in smaller numbers, moving from Taiwan as well. For example, 13.0 percent reported they had already moved some business operations out of Taiwan, and another 20.8 percent were considering moving. This is a smaller trend than movement out of China, but it is noteworthy, nevertheless. As with Taiwanese companies in China, 67.8 percent reported they were going to Southeast Asia, 29.4 percent were moving to Japan and South Korea, and 14.1 percent were moving to South and Central Asia. But most interestingly, 20.9 percent of Taiwanese firms moving some operations out of Taiwan were moving across the strait to Mainland China. This reverse movement does not come close to fully replacing those moving from China, but it reinforces the conclusion that Taiwan is not “decoupling” from China’s economy. Instead, what appears to be occurring is a combination of (1) diversification from China of global supply chain-related production in certain sectors, and (2) sorting, with China-targeted products increasingly being more fully made inside of Mainland China.

The available data indicates a substantial increase in the rate of movement of Taiwanese firms from China in 2022. A 2020 survey conducted by Taiwan's China National Federation of Industries found that 24.6 percent of respondents were reacting to the pandemic by transferring some of their production and sourcing out of Mainland China.¹⁶ A 2021 survey for Taiwan's Mainland Affairs Commission reported that only 9.5 percent of Taiwanese companies planned to move production out of China (the survey did not ask about sourcing).¹⁷

The increase in 2022 of Taiwanese companies moving out of China appears to mirror trends among multinationals more generally. Following the outbreak of the U.S.-China tariff war in 2018, there was a jump in moving some production from China by U.S., European, and Japanese firms. But, as Figure 3.5 shows, those rates declined in 2020 and 2021 as companies had largely adapted to the new normal of greater U.S.-China tensions and the effects of the global pandemic.

Figure 3.5: Who Has Been Moving from China?

Percentage of respondents to various surveys who have or are considering moving production from China (2019–2021)



Source: “Archives: Business Climate Survey,” (2019–2021), American Chamber of Commerce in China, <https://www.amchamchina.org/climate-survey/>; European Chamber of Commerce in China, *Business Confidence Survey 2022* (Beijing: European Chamber of Commerce in China, June 2022), <https://www.europeanchamber.com.cn/en/publications-business-confidence-survey/>; “Survey on the International Operations of Japanese Firms,” (2019–2021), Japan External Trade Organization, <https://www.jetro.go.jp/en/reports/survey/>.

Early indications suggest that in 2022, following the lockdown in Shanghai and tightening of Zero-Covid protocols, interest in moving from China has gained more steam. The European Chamber of Commerce’s 2022 business climate survey, which was conducted over a four-week period in February and March 2022 (just before the lockdown), showed only a slight rise in plans to move investment,

to 11 percent of respondents, up from 9 percent the year before.¹⁸ But when the chamber conducted a flash survey in late April, interest in moving had doubled to 23 percent.¹⁹

Similarly, a membership survey by the American Chamber of Commerce in Shanghai conducted in June 2022 found that nearly half of respondents were temporarily or permanently moving production from China or finding non-Chinese suppliers.²⁰ A June 2022 flash survey by the American Chamber of Commerce in China did not ask about moving per se but found that 22 percent of respondents were delaying new investment in China and that another 22 percent were reducing future investment plans in China.²¹ Finally, the most recent member survey of the U.S.-China Business Council reported that 24 percent of its members had moved some operations out of China in the last 12 months, up from only 14 percent in the 2021 survey.²² Although the precise proportion of those moving or planning to do so varies somewhat by respondents, in part reflecting how the question is asked, the sharp upward trajectory is unmistakable and consistent across investors from different locales.

Why Taiwanese Companies Are Moving

Patterns of doing business with China have never remained static. Even as investment expanded following WTO entry, the exact reasons for the growth and the sectoral focus continuously evolved. For the last decade, foreign investors have increased investment in certain sectors while also moving some labor-intensive production to elsewhere, including to Southeast Asia, Mexico, and Central Europe. Over this period, several factors have propelled Taiwanese companies to move, including growing tensions in cross-strait relations following Tsai Ing-wen's election in 2016, the U.S.-China tariff war, and Taiwan's own New Southbound Policy encouraging greater commercial and cultural ties with Southeast Asia and India.²³ As a result, even though the regional pattern of Taiwan's trade in goods has remained steady, its outward direct investment has distinctly changed. As Figure 4.1 shows, Mainland China fell from receiving 83.8 percent of Taiwan's investment in 2010 to 31.8 percent in 2021, while Southeast Asia rose from 6.3 percent to 30.6 percent over the same period.

But the desire to move from China accelerated in 2022. Surveys of companies from elsewhere point to the dramatic effect of the Shanghai lockdown. In the flash survey from the American Chamber of Commerce in China, almost half of the respondents said they would reduce their investment in China if Zero-Covid remains in place for another year.²⁴ The CSIS survey suggests that although Covid-19 is relevant, the reasons for Taiwanese firms' changing behavior are more complex. Although the survey did not directly ask respondents why they were moving or considering moving, it asked questions about a wide range of economic, political, and security issues. By comparing answers, one can look for patterns in how those who have moved or are considering moving are associated with answers for other questions. Figure 4.2 presents those "cross-tabs" that appear to show a relationship.

Figure 4.1: Taiwan's Contrasting Trade and Investment Patterns (% of Taiwan's Total)

	Goods Exports			Outward Direct Investment		
	2010	2016	2021	2010	2016	2021
Mainland China	28.0	26.4	28.2	83.8	44.4	31.8
United States	11.5	12.0	14.7	2.8	1.5	2.6
Japan	6.6	7.0	6.5	0.2	20.7	12.0
South Korea	3.9	4.5	4.5	6.3	1.0	2.3
Southeast Asia	26.1	28.3	26.5	6.3	10.7	30.6
India	1.3	1.0	1.0	0.0	0.1	0.9
European Union	8.6	7.5	7.1	0.2	4.6	3.9

Source: "Import & Export Trade Statistics," Bureau of Foreign Trade, Taiwan Ministry of Economic Affairs, <https://cuswebo.trade.gov.tw/FSC3020F/FSC3020F?menuURL=FSC3020F>; "Monthly Statistics of Foreign Investment by Region," Board of Foreign Trade and Investment Commission, Ministry of Economic Affairs, <https://data.gov.tw/dataset/32520>.

Almost half of all Taiwanese firms with business operations in China said that Zero-Covid had a negative effect on their company's revenue. However, those who had already moved were only slightly more likely to say Zero-Covid had a negative effect on their business than those who were considering moving or not planning to move. In short, Zero-Covid is not a major differentiator between those deciding to stay or go. Nor is whether companies believed Covid-19 cases in Taiwan negatively impacted their businesses. Instead, how satisfied they were with Taiwan's Covid-19 policies seems more significant: 64.7 percent of those who had already moved were satisfied, 43.6 percent of those considering moving were satisfied, and those with no plans to leave China showed only 25.2 percent satisfaction with Taiwan's policies.

Yet it appears that Covid-19 is far from the only factor that shaped Taiwanese firms' decisions on whether or not to move. Instead, a range of economic issues appear to be relevant. A company's profitability and size do not seem to be relevant, but younger companies and those in manufacturing were more likely to move than older companies and those in other industries. Firms were more likely to move if they were confident in Taiwan's economic growth outlook and believed Taiwan's government takes their interests into consideration.

When attention shifts to economic ties with others, the extent of actual economic dependence on China does not seem to be highly relevant. Firms that generated 25 percent or more of their revenue from China showed no difference among themselves in whether they were staying or moving. Instead, companies were most likely to have already moved if they believed Taiwan should reduce its dependence on China and increase technology restrictions, and if they believed Southeast Asia and India are sufficient substitutes for China.

Likewise, political views seem to play a role. Although the survey's respondents were on the whole somewhat less supportive of Taiwan independence than the island's general population (30.6 percent as of April 2022, as noted above), 37.7 percent of those who had already moved supported independence, compared to 18.8 percent who were considering moving and only 10.7 percent who had no plans to move.

Figure 4.2: Factors Related to the Decision to Move from Mainland China

Q: Is your company considering, or has it already begun the process of, relocating manufacturing or sourcing outside of Mainland China?

	Already Moved (%)	Considering Moving (%)	No Plans to Move (%)
Covid-19			
Satisfied with Taiwan's Covid-19 policies.	64.7	43.6	25.2
General Economic Issues			
Your company has been operating less than 20 years.	54.1	52.7	35.0
Your company is in manufacturing.	38.8	36.4	25.2
Confident about Taiwan's economic growth outlook.	87.0	74.5	62.1
Agree that business interests are a priority of the current Taiwan government.	87.1	84.6	69.9
Economic Interaction with Mainland China and Others			
Agree that Taiwan needs to reduce its economic dependence on Mainland China.	89.4	82.7	65.1
Agree that Taiwan should expand its restrictions on high-tech trade and investment with Mainland China.	81.2	70.9	56.3
Agree Southeast Asia and India are sufficient substitutes for Taiwan exports to and investment with Mainland China.	83.5	70.0	41.8
Politics			
You support Taiwan independence.	37.7	18.8	10.7
Security			
Agree that there will be a military conflict between the United States and China in the next five years.	60.0	38.2	24.3
Agree that Beijing is less likely to take military action against Taiwan because of Taiwan's strong semiconductor industry.	65.9	59.1	40.8
Agree the United States and others will send troops to defend Taiwan because of Taiwan's strong semiconductor industry.	74.1	62.7	47.6

Source: See the Appendix.

Finally, security issues also seem to matter. Those worried about a military conflict between the United States and China were more likely to have already moved, whereas those who had no plans to move saw a conflict as much less likely. Those who had already moved also were more likely to believe that Taiwan's strength in semiconductor manufacturing makes a Chinese attack less likely and direct involvement by the United States and others to defend Taiwan more likely.

Companies are also moving some of their production and sourcing out of Taiwan, but to a lesser extent and for a different set of reasons (see Figure 4.3). An initial analysis of the survey data shows that

Covid-19 is playing a role, but not a straightforward one. As with those moving from China, those moving from Taiwan tended to have a more positive view of Taiwan's Covid-19 policies than those who were staying put; while counterintuitive, this trend appears to be offset by a stronger view that the actual effect of Covid-19 on business in Taiwan was highly negative, and the stronger one felt that way, the more likely they were to move.

Figure 4.3: Factors Related to the Decision to Move from Taiwan

Q: Is your company considering, or has it already begun the process of, relocating manufacturing or sourcing outside of Taiwan?

	Already Moved (%)	Considering Moving (%)	No Plans to Move (%)
Covid-19			
Covid-19 cases in Taiwan had an extremely negative impact on your business.	58.8	41.3	35.4
You were satisfied with Taiwan's Covid-19 policies.	54.4	41.3	34.4
General Economic Issues			
Company has been operating less than 20 years.	26.5	6.4	43.5
Company has less than 200 employees.	45.6	56.0	57.9
Your company is in manufacturing.	2.9	3.7	24.2
Taiwan accounted for over 25 percent of your company's total revenue.	44.1	6.4	68.4
Economic Interaction with Mainland China & Others			
Mainland China accounts for over 25 percent of your revenue.	33.8	34.9	17.2
Security			
Agree that there will be a military conflict between the United States and China in the next five years.	63.2	47.7	31.2
Agree that Beijing is less likely to take military action against Taiwan because of Taiwan's strong semiconductor industry.	63.2	56.9	47.7

Source: See the Appendix.

A company's profitability still does not seem to matter, but nor does confidence about Taiwan's business future or a belief that business interests are a priority of the current government. And unlike for those more likely to move from China, size does seem to matter in the context of moving from Taiwan, with larger firms more likely to have moved or to have considered moving some of their business rather than staying. An even larger contrast appears associated with the companies' sectoral identities. Manufacturers were more likely to move from China, whereas the opposite was true in Taiwan, with companies less likely to move from Taiwan. Moreover, there are two factors—a company's age and whether they derive more than 25 percent of their revenue from Taiwan—which appear to have caused companies to be decisive and have already made a decision. Young companies were either

moving or not moving, and companies with a high proportion of revenue from Taiwan were either moving (perhaps because they want to diversify and reduce the overreliance on the island's economy) or staying (perhaps because they are either satisfied or it is too difficult to move).

The role of economic ties with China and elsewhere for those considering moving from Taiwan present differently than for those considering moving from Mainland China. Unlike those moving from China, if a company derived over 25 percent of their revenue from China, they were more likely to move. As with those moving from Taiwan, two logics may be at play; on the one hand, they could be attracted to expand into China even more or they could be leaving Taiwan to diversify away from cross-strait economic ties. And unlike those moving from China, explicit concerns about dependence on China, a belief in the need to expand technology restrictions, and a belief in the high potential of the Southeast Asian and Indian markets do not seem to shape decisions on moving production or sourcing out of Taiwan.

Unlike those leaving or considering leaving China, those moving from Taiwan were no more likely to favor independence than those only considering moving or those who had firmly decided to stay.

Finally, national security factors also seem to matter for those leaving Taiwan. As with those departing China, those leaving Taiwan were more likely to believe that a U.S.-China war will occur in the next five years and that Taiwan's strong semiconductor industry makes it less likely China will attack Taiwan. That said, unlike with those contemplating moving out of China, those moving from Taiwan were no more likely to believe that the United States would come to Taiwan's defense because of its semiconductor industry than those who were staying.

On first glance, it appears that there are a wide range of economic, political, and security factors that affect whether companies are moving some of their operations and sourcing from Mainland China and Taiwan. While there is a clear logic that aligns with trends visible in the data, cross-tabs may both overstate correlations or miss some because other factors that may shape these decisions are not simultaneously taken into account. Scholars try to account for such complexities by developing statistical models that evaluate multiple factors at the same time. In the interest of saving space, instead of developing a series of discrete models with narrow areas of focus, a large model was created in this study for each scenario (moving from Mainland China and moving from Taiwan) to consider a long list of variables together.

This alternative approach yields a smaller and somewhat different set of findings. In the case of moving from China, three factors were identified as statistically significant, yet their relative importance varied; the most important factor with this approach was companies' expectations about whether there will be a U.S.-China war within five years. The second most significant factor, which did not emerge in the cross-tabs, was whether companies identified the United States as an important partner; those who did were more likely to move. And finally, older companies were less likely to move from China than younger companies.

In the case of moving from Taiwan, the most important factor in shaping a company's decision was their confidence in Taiwan's economic future. The lower their confidence, the more likely they were to move. Fear of a war was not statistically significant, but it may be embedded within this sense of economic confidence. In addition, decisions on moving from Taiwan were heavily correlated with how strongly firms identified Europe, Japan, and China as important partners. If they gave any of the

three high marks, they were more likely to move. This may make sense even if almost 70 percent are moving to Southeast Asia since their movement to a geographic destination may be tied up in their collaboration with companies from elsewhere around the world. And finally, the higher the proportion of a company's revenue that came from Taiwan, the more likely they were to move, suggesting a desire to lower dependence on the island's economy.

This kind of multivariate statistical analysis that includes a large number of variables simultaneously is likely the most rigid kind of approach one could take, which may be why a much smaller number of factors stand out. This does not mean the other issues discussed above are not relevant, but rather that this approach does not capture their significance. Hence, to understand what is actually driving companies from China and Taiwan, observers should see the cross-tabs and statistical analysis as complementary to each other. A more comprehensive verdict would benefit from combining this survey with in-depth interviews of company executives and strategically chosen case studies, which would allow one to more directly tease out some of the suggested logics in a large-scale survey.

Implications

The Challenges and Benefits of Rebuilding Confidence

Taiwanese companies are increasingly seen on the global stage, but they are not always heard. This survey offers an opportunity to understand their perceptions on a wide range of issues and compare these views with those of their Western multinational counterparts.

Taiwanese firms are highly worried about a wide range of commercial, social, political, and security risks. As a result, they want to join regional trade and investment pacts and deepen ties with the United States. They also want to protect their technological edge through greater R&D spending and restricting dual-use technologies being shared with China. Perhaps most importantly, many Taiwanese companies have moved or are considering moving, mainly from China but even from Taiwan. Their motivations are complex and shaped by a wide range of factors that are broadly rooted in a desire for stability, predictability, and safety. Their confidence that business in China meets such criteria has been shaken. Concerns about the business climate in Taiwan are lower but rising.

These trends do not collectively add up to a wholesale decoupling between Taiwan and China. The economies of the two sides of the Taiwan Strait are highly interdependent and likely to remain so. And companies who reported moving were only saying they were moving a portion of their production and sourcing, not all of it. Nevertheless, as Taiwanese firms diversify regionally and organize their production and sourcing in ways not dissimilar from other multinationals, some elements of the relationship with China are being attenuated and reshaped in ways one would not have foreseen a decade ago.

There appears to be a crisis of confidence about China's business environment among Taiwanese and multinational businesses alike, but Taiwanese companies' perceptions may be shaped by a unique layer of social and political considerations. The visit of Nancy Pelosi, the speaker of the U.S. House of

Representatives, and China's subsequent reaction may exacerbate these anxieties. Those worries may recede over time, and both possibilities could be tested in future surveys.

The views and actions of Taiwanese companies create challenges for each of the political actors in this drama. China has much work to do to address the negative perceptions of heightened risks and unpredictability that Taiwanese companies apparently feel that is driving some of them to diversify away from China. Taiwanese firms are fleet of foot, and they potentially could reverse course if sufficiently reassured. But if they are not, there likely will be continued movement. This has implications for China's continued integration into global supply chains and technological upgrading. Moreover, if Taiwanese firms are less invested in China (pardon the pun), they may reduce their advocacy within Taiwan's policy process and the public conversation for stable cross-strait ties and maintenance of the political status quo.

Countries in Southeast and Northeast Asia, which are seeing more Taiwanese investment, have made inroads, but they will need to continue to expand their absorptive capacity so that Taiwanese firms and others moving from China find these new surroundings amenable to global production networks and companies' long-term prospects.

Taiwan may have the longest to-do list. It needs to make progress gaining access to regional arrangements and strengthening commercial ties with the United States, particularly those agreements Taiwanese industry identifies as most valuable. It also needs to provide additional support for R&D, education, energy, and other elements that propel Taiwanese firms to continue to upgrade and stay globally competitive. An amendment related to its National Security Act and other regulations currently being considered will help stem inappropriate transfer of advanced technology to Mainland China.²⁵ At the same time, Taiwan has a large stake in fostering continued economic ties with China that work in the island's favor. Chinese dependence on Taiwanese firms, in semiconductors and elsewhere, has been central to Taiwan's continued economic progress as well as raising the costs to China of escalating tensions.

For the United States, it is important to have a clear-eyed view of Taiwanese companies because of how central they are in multiple contexts. They are key players in semiconductors, other information and communications technologies, biosciences, and other sectors that are important for the U.S. and global economies. Taiwan's economic health and vibrancy is foundational to its political vitality as well as a source of its international appeal. Relatedly, the United States benefits from its ability to ride on the coattails of China's dependence on Taiwan's semiconductor industry and other sectors because of the broader leverage it provides to Taiwan and its closest friends.

Given these stakes, the United States has a complex task. On one hand, the weakened confidence Taiwanese firms and others have in China helps facilitate the United States' efforts to have multinationals diversify production and supply chains away from China. Relatedly, the view from Taiwanese firms of the United States as Taiwan's most important economic partner should help propel forward the negotiations over the U.S.-Taiwan Initiative on 21st-Century Trade as well as encourage U.S. federal and state authorities to take the steps necessary to attract and nurture Taiwanese investment in semiconductors and other industries. At the same time, the United States should take note that Taiwanese firms have expressed a strong interest in joining multiple regional arrangements, including the CPTPP and RCEP. On the other hand, as noted above, the survey's results are not proof that Taiwan wants to fully decouple from China or be part of a project to heavily isolate China from

the global economy. Instead, a more realistic posture would be for the United States to constructively utilize the anxieties of Taiwanese and other multinational companies “voting with their feet” to press China to improve its policies and behavior in each of the areas where companies raise concerns. This includes not only on Zero-Covid and other policies that directly affect the commercial environment but also China’s broader foreign policy posture that has contributed to growing tensions across the Taiwan Strait as well as with the United States and other advanced industrialized democracies.

Being sensitive to the concerns of Taiwanese businesses is valuable for everyone involved. That is obviously the case for Taipei. And although Beijing might chafe at receiving this kind of analysis about Taiwanese industry alongside that of American and other multinational firms, it is in China’s self-interest to repair ties with global businesses, whether from the West or across the Taiwan Strait. Any progress would support China’s economic growth and reduce the likelihood of further escalation and potential conflict. If not, the crisis of confidence signaled in this survey will deepen and the current swell of companies moving some of their business from China could grow into a much larger tidal wave. And to bring things full circle, although such an outcome would be most damaging to China, China’s commercial isolation would likely have negative consequences for the United States and its friends as well.

About the Author

Scott Kennedy is senior adviser and Trustee Chair in Chinese Business and Economics at the Center for Strategic and International Studies (CSIS). A leading authority on Chinese economic policy, Kennedy has been traveling to China for over 30 years. His specific areas of expertise include industrial policy, technology innovation, business lobbying, U.S.-China commercial relations, and global governance. He is the editor of *China's Uneven High-Tech Drive: Implications for the United States* (CSIS, February 2020) and (with Jude Blanchette) *Chinese State Capitalism: Diagnosis and Prognosis* (CSIS, October 2021) and co-author of "The State and the State of the Art on Philanthropy in China" (Voluntas, August 2019), *China's Risky Drive into New-Energy Vehicles* (CSIS, November 2018), *The Fat Tech Dragon: Benchmarking China's Innovation Drive* (CSIS, August 2017), and *The Business of Lobbying in China* (Harvard University Press, 2005). He has edited three books, including *Global Governance and China: The Dragon's Learning Curve* (Routledge, 2018). His articles have appeared in a wide array of policy, popular, and academic venues, including the *New York Times*, *Wall Street Journal*, *Foreign Affairs*, *Foreign Policy*, and *China Quarterly*. He is currently finishing a report, *Beyond Decoupling: Maintaining America's Hi-Tech Advantages over China* (CSIS, forthcoming). From 2000 to 2014, Kennedy was a professor at Indiana University (IU), where he established the Research Center for Chinese Politics & Business and was the founding academic director of IU's China Office. Kennedy received his PhD in political science from George Washington University, his MA in China studies from the Johns Hopkins School of Advanced International Studies, and his BA from the University of Virginia.

Appendix

The Survey and Summary of Results

Taiwan Global Business Climate Survey

臺灣全球商務問卷調查

Carried out by Qualtrics, July 25–August 1, 2022

Sample Size: 525 companies

BUSINESS OUTLOOK

商務前景

1. What is your position at your company?

	n	%
Senior-level manager (e.g., CEO, Chairman, VP, Managing Director, Chief Representative)	203	38.7
Director of government relations or public relations department	43	8.2
Director/functional leader of other departments (e.g., HR Director, Finance Director, Sales Director, COO)	269	51.2
Others (please specify)	10	1.9

您在公司擔任何種職位？

- 高層管理人員 (例如：CEO, 董事, VP, 總經理, 首席代表等)
- 政府關係或公共關係部門主管
- 其他部門主管 (例如：人力資源, 財務, 銷售, 首席運營官等)
- 其他 (請說明)

2. Was your company profitable in 2021?

	n	%
Yes	448	85.3
No	64	12.2
Don't know	13	2.5

貴公司在2021年是否盈利？

- 是
- 否
- 不知道

3. Is your company currently considering expanding investment in Taiwan?

	n	%
Yes	385	73.3
No	98	18.7
Don't know	42	8.0

貴公司是否正在考慮增加在臺灣的投資？

- 是
- 否
- 不知道

4. How confident are you about Taiwan's economic growth outlook over the next two years?

	n	%
Very confident	116	22.0
Somewhat confident	215	41.0
Somewhat unconfident	131	25.0
Very unconfident	37	7.0
Unsure	26	5.0

您對臺灣未來兩年的經濟成長前景有多大信心？

- 非常有信心
- 比較有信心
- 比較沒有信心
- 非常沒有信心
- 不確定

5. How do you regard the following as possibly negatively impacting your company's business operations and competitive positioning in the coming year? (Please rank your top three options.)

	Top 3 (n)	Top 3 (%)	Top (n)	Top (%)
Cybersecurity threats	261	49.7	103	19.6
Intellectual property rights infringements	175	33.3	60	11.4
Taiwan's exclusion from multilateral/ bilateral trade pacts	338	64.4	156	29.7
Spread of misinformation/ disinformation	161	30.7	33	6.3
Energy insufficiency	312	59.4	57	10.9
Talent insufficiency	328	62.5	116	22.1

下列哪些問題可能會在來年對貴公司的業務和競爭力產生負面影響？（請對您認為最重要的3個選項進行排序）

- 網路安全威脅
- 智慧財產權被侵害
- 臺灣被排除在多邊和雙邊貿易協定外
- 假訊息傳播
- 能源短缺
- 人才短缺

6. What's your view on the statement that business interest is one of the top priorities of the current Taiwanese government?

	n	%
Strongly agree	140	26.7
Somewhat agree	260	49.5
Somewhat disagree	79	15.0
Strongly disagree	31	5.9
Don't know	15	2.9

您對以下說法的看法如何：商業利益是現任台灣政府的優先考量之一。

- 非常同意
- 比較同意
- 比較不同意
- 非常不同意
- 不知道

COVID-19

新型冠狀病毒肺炎

7. To what extent did the rise of Covid-19 cases in Taiwan negatively impact your business in Taiwan in 2022?

	n	%
Extremely	207	39.4
Somewhat	279	53.1
Not at all	38	7.2
Don't know	1	0.2

新冠確診病例在臺灣的激增在多大程度上對貴公司2022年的臺灣業務產生了負面影響？

- 影響極大
- 稍有影響
- 沒有影響
- 不知道

8. On what aspect has the Covid-19 cases surge most impacted your business in Taiwan? (Please rank your top three options.)

	Top 3 (n)	Top 3 (%)	Top (n)	Top (%)
Rise in the cost of products and services	339	64.6	119	22.7
Rise in the cost of transportation	259	49.3	79	15.0
Supply chain interruptions	212	40.4	69	13.1
Drop demand in products and services	216	41.1	88	16.8
Workforce insufficiency	216	41.1	61	11.6
Workforce inefficiency	158	30.1	52	9.9
Travel restrictions	109	20.8	34	6.5
Delays in approval or denials of applications for short-term or long-term business visas	66	12.6	23	4.4

新冠确诊病例的激增對貴公司在臺灣業務造成了何種影響？(請對您認為最重要的三個選項進行排序)

- 產品和服務成本上升
- 交通運輸成本上升
- 供應鏈阻斷
- 產品和服務需求下降
- 勞動力短缺
- 工作低效
- 旅行限制
- 短期或長期商務簽證申請方面的延遲或拒簽

9. How satisfied are you with the Taiwan government's Covid-19 policy so far?

	n	%
Very satisfied	69	13.1
Somewhat satisfied	127	24.2
Neutral	167	31.8
Somewhat dissatisfied	84	16.0
Very dissatisfied	78	14.9

您對到目前為止臺灣政府應對疫情的政策滿意程度如何？

- 非常滿意
- 比較滿意
- 中立
- 比較不滿意
- 非常不滿意

THE INTERNATIONAL ECONOMY

國際經濟

10. Which of the following regional initiatives could be the most important to your business? (Please rank your top three options.)

	Top 3 (n)	Top 3 (%)	Top (n)	Top (%)
Cross-Straits Economic Cooperation Framework Agreement (ECFA)	290	55.2	151	28.8
Regional Comprehensive Economic Partnership (RCEP)	356	67.8	102	19.4
Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)	353	67.2	138	26.3
Digital Economy Partnership Agreement (DEPA)	234	44.6	45	8.6

Indo-Pacific Economic Framework (IPEF)	111	21.1	13	2.5
Interaction with Indo-Pacific nations under the New Southbound Policy	136	25.9	21	4.0
Belt and Road Initiative	28	5.3	2	0.4
None	67	12.8	53	10.1

下列哪些區域協作可能對貴公司在臺灣的業務最為重要？(請對您認為最重要的三個選項進行排序)

- 海峽兩岸經濟合作框架協議
- 區域全面經濟夥伴關係協定
- 全面與進步跨太平洋夥伴關係協定
- 數位經濟夥伴關係協定
- 印太經濟架構
- 在新南向政策下與印太國家互動
- 一帶一路倡議
- 都不重要

11. Which of the following Taiwan-U.S. engagement could be the most important to your business in Taiwan? (Please rank your top three options.)

	Top 3 (n)	Top 3 (%)	Top (n)	Top (%)
Formal Bilateral Trade Agreement	336	64.0	117	22.3
Trade and Investment Framework Agreement (TIFA)	341	65.0	99	18.9
Technology Trade and Investment Collaboration Framework (TTIC)	276	52.6	89	17.0
Economic Prosperity Partnership Dialogue (EPPD)	264	50.3	78	14.9
U.S.-Taiwan Initiative on 21st-Century Trade	143	27.2	46	8.8
Double Taxation Agreement with the United States	137	26.1	41	7.8
None	78	14.9	55	10.5

下列哪些臺美合作對貴公司在臺灣的業務可能最為重要？(請對您認為最重要的三個選項進行排序)

- 正式的雙邊貿易協定
- 貿易暨投資架構協定
- 科技貿易暨投資合作架構
- 臺美經濟繁榮夥伴對話
- 臺美21世紀貿易倡議
- 臺美雙重課稅協定
- 都不重要

12. How important are each of the following countries/regions as economic partners for Taiwan?
(On the scale of 1-5, 1 being irrelevant, 2 unimportant, 3 somewhat important, 4 important, 5 extremely important.)

	Wgt Avg (Amt)	Extremely Imp (n)	Extremely Imp (%)
United States	4.00	244	46.5
Mainland China	3.50	149	28.4
Japan	3.87	167	31.8
ASEAN	3.60	103	19.6
Europe	3.61	116	22.1

下列國家或地區作為臺灣的經濟夥伴有多重要？(請按照重要程度從1-5進行評分：1為完全不重要, 5為非常重要)

- 美國
- 中國大陸
- 日本
- 東協成員國
- 歐洲

13. What's your view on the following statement about U.S.-China relations?
Cooperative U.S.-China relations are in your company's interest.

	n	%
Strongly agree	156	29.7
Somewhat agree	243	46.3
Somewhat disagree	74	14.1
Strongly disagree	25	4.8
Don't know	27	5.1

您對下列關於中美關係的說法是否同意？
良好的中美關係符合貴公司的利益。

- 非常同意
- 比較同意
- 比較不同意
- 非常不同意
- 不知道

14. Will there be some sort of military conflict in U.S.-China relations within the next 5 years?

	n	%
Strongly agree	45	8.6
Somewhat agree	158	30.1
Somewhat disagree	197	37.5
Strongly disagree	68	13.0
Don't know	57	10.9

未來五年內中美之間會有軍事衝突。

- 非常同意
- 比較同意
- 比較不同意
- 非常不同意
- 不知道

CROSS-STRAIT RELATIONS AND BUSINESS

兩岸經貿關係

15. There are debates regarding the future of Taiwan. Some people argue Taiwan should pursue unification with the other side of the Strait, while others argue Taiwan should pursue its own independence. What is your view on this matter?

	n	%
Taiwan independence	122	23.2
Status quo	363	69.1
Unification	32	6.1
Don't know	8	1.5

國內對於臺灣前途問題有很多辯論, 有人認為「兩岸統一」比較好, 也有人認為「台灣獨立」比較好。請問您的意見是怎樣?

- 臺灣獨立
- 維持現狀
- 兩岸統一
- 不知道

16. Does your company have business in Mainland China?

	n	%
Yes	319	60.8
No	202	38.5
Don't know	4	0.8

貴公司是否在中國大陸有業務？

- 是
- 否
- 不知道

17. What percentage of your company's total revenues did China account for in 2021?

	n	%
<10%	275	52.4
10-<25%	114	21.7
25-<35%	86	16.4
35-<50%	27	5.1
≥ 50%	23	4.4

2021年貴公司在中國大陸的營收佔總營收的比例如何？

- <10%
- 10-<25%
- 25-<35%
- 35-<50%
- ≥ 50%

18. What impact does Mainland China's Zero-Covid policy have on your company's revenue?

	n	%
Very positive	21	4.0
Somewhat positive	58	11.0
Somewhat negative	181	34.5
Very negative	59	11.2
No impact	206	39.2

中國大陸的清零政策對貴公司的營收產生了何種影響？

- 非常正面
- 比較正面
- 比較負面
- 非常負面
- 沒有影響

19. Is your company considering, or has it already begun the process of, relocating manufacturing or sourcing outside of Mainland China? (Only those who answered YES in Q16 can answer this question, N=331.)

	n	%
Yes, we have started the process of relocating manufacturing or sourcing outside of Mainland China.	85	25.7
Yes, we are considering relocating but have not taken active steps to relocate manufacturing or sourcing outside of Mainland China yet.	110	33.2
No, we are not considering relocating manufacturing or sourcing outside of Mainland China.	103	31.1
Don't know	11	3.3
Not applicable	22	6.6

貴公司是否正在考慮或已經開始將製造或採購從中國大陸轉移到其他地方？

- 是的, 我們已開始將製造或採購轉移出中國大陸
- 是的, 我們在考慮但還未採取任何措施將製造或採購轉移出中國大陸
- 不, 我們沒有打算將製造或採購轉移出中國大陸
- 不知道
- 不適用

20. Where is your company moving the capacity in Mainland China to? (Choose all that apply.) (Only those who answered YES in Q19 can answer this question, N=195.)

	n	%
Taiwan	100	51.3
Northeast Asia (Japan and South Korea)	38	19.5
Southeast Asia	123	63.1
South and Central Asia	20	10.3
Australia, New Zealand, and Other Oceania Countries	14	7.2
Africa	4	2.1
Latin America	3	1.5
North America	20	10.3
Europe	7	3.6

貴公司選擇將在中國大陸之產能轉移到哪裡? (請選擇所有適用的選項)

- 臺灣
- 東北亞 (日本或南韓)
- 東南亞
- 南亞及中亞
- 澳大利亞、紐西蘭及大洋洲其他國家
- 非洲
- 拉丁美洲
- 北美
- 歐洲

21. Is your company considering, or has it already begun the process of, relocating manufacturing or sourcing outside of Taiwan?

	n	%
Yes, we have started the process of relocating manufacturing or sourcing outside of Taiwan.	68	13.0
Yes, we are considering relocating but have not taken active steps to relocate manufacturing or sourcing outside of Taiwan yet.	109	20.8
No, we are not considering relocating manufacturing or sourcing outside of Taiwan.	285	54.3
Don't know	16	3.0
Not applicable	47	9.0

貴公司是否正在考慮或已經開始將製造或採購從臺灣轉移到其他地方?

- 是的, 我們已開始將製造或採購轉移出臺灣
- 是的, 我們在考慮但還未採取任何措施將製造或採購轉移出臺灣
- 不, 我們沒有打算將製造或採購轉移出臺灣
- 不知道
- 不適用

22. Where is your company moving the capacity in Taiwan to? (Choose all that apply.) (Only those who answered YES in Q21 can answer this question, N=177.)

	n	%
Mainland China	37	20.9
Northeast Asia (Japan and South Korea)	52	29.4
Southeast Asia	120	67.8
South and Central Asia	25	14.1
Australia, New Zealand, and Other Oceania Countries	24	13.6

Africa	2	1.1
Latin America	5	2.8
North America	17	9.6
Europe	8	4.5

貴公司選擇將在臺灣之產能轉移到哪裡?(請選擇所有適用的選項)

- 中國大陸
- 東北亞 (日本或南韓)
- 東南亞
- 南亞及中亞
- 澳大利亞、紐西蘭及大洋洲其他國家
- 非洲
- 拉丁美洲
- 北美
- 歐洲

23. What would be the single most important measure to protect Taiwan's technology advantages? (Choose only one.)

	n	%
Rigorous export controls on dual-use (civilian and military) technologies	111	21.1
Inward investment restrictions (Mainland China into Taiwan)	65	12.4
Outward investment restrictions (Taiwan into Mainland China)	65	12.4
Restrictions on Taiwanese employees working for Chinese high-tech companies	64	12.2
Expand R&D spending in Taiwan	186	35.4
Expand the number of S&T university and post-university graduates in Taiwan	34	6.5

為保護臺灣的技術優勢, 您認為最重要的一項措施是什麼?

- 對兩用(民用和軍用)技術進行嚴格的出口管制
- 對內投資的限制(中國大陸向臺灣的投資)
- 對外投資的限制(臺灣向中國大陸的投資)
- 限制臺灣員工為中國高科技公司工作
- 增加臺灣的研發支出
- 增加臺灣科技大學以及本科及以上科技專業畢業生的數量

24-28. Do you agree with the following statements?

您對下列說法是否同意？

24. Taiwan needs to reduce its economic dependence on Mainland China.

	n	%
Strongly agree	174	33.1
Somewhat agree	227	43.2
Somewhat disagree	77	14.7
Strongly disagree	34	6.5
Don't know	13	2.5

臺灣應該減輕對中國大陸經濟的依賴。

- 非常同意
- 比較同意
- 比較不同意
- 非常不同意
- 不知道

25. Taiwan should expand its restrictions on high-tech trade and investment with Mainland China.

	n	%
Strongly agree	142	27.0
Somewhat agree	210	40.0
Somewhat disagree	118	22.5
Strongly disagree	36	6.9
Don't know	19	3.6

臺灣應該擴大對中國大陸高科技貿易和投資的限制。

- 非常同意
- 比較同意
- 比較不同意
- 非常不同意
- 不知道

26. Southeast Asia and India are sufficient substitutes for both Taiwan's exports to and investment with Mainland China.

	n	%
Strongly agree	109	20.8
Somewhat agree	231	44.0
Somewhat disagree	115	21.9
Strongly disagree	51	9.7
Don't know	19	3.6

東南亞和印度可以在臺灣的出口和投資方面取代中國大陸。

- 非常同意
- 比較同意
- 比較不同意
- 非常不同意
- 不知道

27. Beijing is less likely to take military action against Taiwan because of Taiwan's leading strengths in semiconductor manufacturing?

	n	%
Strongly agree	71	13.5
Somewhat agree	194	37.0
Somewhat disagree	153	29.1
Strongly disagree	71	13.5
Don't know	36	6.9

因為臺灣擁有領先的半導體製造能力, 所以北京對臺採取軍事行動的可能性比較低。

- 非常同意
- 比較同意
- 比較不同意
- 非常不同意
- 不知道

28. The United States and others will send troops to defend Taiwan in the case of a war with Mainland China because of Taiwan's leading strengths in semiconductor manufacturing.

	n	%
Strongly agree	81	15.4
Somewhat agree	207	39.4
Somewhat disagree	105	20.0
Strongly disagree	85	16.2
Don't know	47	9.0

因為臺灣擁有領先的半導體製造能力,如果中國大陸出兵攻打臺灣,美國和其他國家會派兵協防臺灣。

- 非常同意
- 比較同意
- 比較不同意
- 非常不同意
- 不知道

YOUR COMPANY'S STATUS

貴公司概況

29. Which of the following industries best describes your principal business in Taiwan?

	n	%
Agriculture	19	3.6
Industry	227	43.2
Service	279	53.1

貴公司在臺灣的主要業務屬於下列哪個產業？

- 農業
- 工業
- 服務業

30. Which of following industrial classification best describes your principal business in Taiwan? (Check all that apply.)

	n	%
Agriculture, forestry, fishing, and animal husbandry	18	3.4
Mining and quarrying	6	1.1
Manufacturing	130	24.8
Electricity and gas supply	15	2.9

Water supply and remediation	6	1.1
Construction	41	7.8
Wholesale and retail trade	83	15.8
Transportation and storage	16	3.0
Accommodation and food service	22	4.2
Publishing, audio and video production, broadcasting, information, and communication	22	4.2
Finance and insurance	36	6.9
Real estate	16	3.0
Professional, scientific, and technical service	65	12.4
Support service	22	4.2
Public administration and defense; compulsory social security	5	1.0
Education	23	4.4
Human health and social work	20	3.8
Arts, entertainment, and recreation	11	2.1
Other services	28	5.3

貴公司在臺灣的主要業務屬於下列哪個產業？(請選擇所有適用的選項)

- 農、林、漁、牧業
- 礦業及土石採取業
- 製造業
- 電力及燃氣供應業
- 用水供應及污染整治業
- 營建工程業
- 批發及零售業
- 運輸及倉儲業
- 住宿及餐飲業
- 出版影音及資通訊業
- 金融及保險業
- 不動產業
- 專業、科學及技術服務業
- 支援服務業
- 公共行政及國防；強制性社會安全
- 教育業
- 醫療保健及社會工作服務業
- 藝術、娛樂及休閒服務業
- 其他服務業

31. Which of the following best describes your company's primary activity in Taiwan? (Check all that apply.)

	n	%
Research and development	157	29.9
Manufacture for domestic market	129	24.6
Manufacture for export	140	26.7
Sales and distribution	191	36.4
Provision of services	235	44.8
Local/regional procurement	40	7.6
Other (please specify)	5	1.0

下列哪個選項最符合對貴公司在臺灣主要活動的描述？(請選擇所有適用的選項)

- 研發
- 針對國內市場的製造
- 針對出口市場的製造
- 銷售
- 服務
- 地方或區域採購
- 其他(請說明)

32. Approximately how many full-time-equivalent employees does your business have in Taiwan?

	n	%
0-5	37	7.0
6-20	89	17.0
21-200	175	33.3
201-1,000	149	28.4
1,001+	75	14.3

貴公司在臺灣的全職員工人數是多少？

- 0-5
- 6-20
- 21-200
- 201-1,000
- 1,001+

33. Where is your company's headquarters?

	n	%
Taiwan	497	94.7
Mainland China	5	1.0
Northeast Asia (Japan and South Korea)	8	1.5
Southeast Asia	3	0.6
South and Central Asia	0	
Australia, New Zealand, and Other Oceania Countries	0	
Africa	0	
Latin America	0	
North America	9	1.7
Europe	3	0.6

貴公司的總部位於何處？

- 臺灣
- 中國大陸
- 東北亞 (日本或南韓)
- 東南亞
- 南亞或中亞
- 澳大利亞、紐西蘭及大洋洲其他國家
- 非洲
- 拉丁美洲
- 北美
- 歐洲

34. How many years has your company been operating?

	n	%
Less than 5 years	34	6.5
5-10 years	68	13.0
11-20 years	144	27.4
21-30 years	124	23.6
More than 30 years	155	29.5

貴公司經營了多長時間？

- 5年之內
- 5-10年
- 11-20年
- 21-30年
- 超過30年

35. What percentage of your company's global revenues did Taiwan account for in 2021?

	n	%
<10%	79	15.0
10%–<25%	67	12.8
25%–<35%	65	12.4
35%–<50%	54	10.3
50%–<75%	73	13.9
≥ 75%	151	28.8
Don't know	36	6.9

在2021年, 貴公司臺灣運營的收入佔全球收入的比重是多少?

- <10%
- 10%–<25%
- 25%–<35%
- 35%–<50%
- 50%–<75%
- ≥ 75%
- 不知道

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