



U.S.-Taiwan Economic Relations

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Trumpeconomics

before America was great again

Free Trade? TPP ?

1. U.S. Trade Policy has shifted from ‘free trade’ to ‘fair trade.’
2. NAFTA and U.S.-Korea FTA are subject to re-negotiation due to the emphasis on fair trade agreements.
3. U.S.’s withdrawal from the TPP allows Taiwan and other Asian countries to re-evaluate their trade policies, while closely monitoring the development of such policies.

Job Opportunities

1. President Trump proposes to create 25 million jobs in 10 years.
2. Core strategy of Trump's economic policies is to increase job demand by stimulating production.
3. **15.21 million jobs** have to be created by different economics policies.
4. Trumpeconomics covers three dimensions: supply-side, demand-side, and trade policies.

Trumpeconomics

1. Supply-side policies: tax cuts, de-regulation, and an America First Energy Plan.
2. Demand-side policies: increase in government spending and \$1 trillion in infrastructure investment.
3. Supply-side + demand-side \approx 12.84 million jobs.
 - The remaining 2.37 million jobs must be borne by trade policy adjustments.

Trumpeconomics

Politically:

1. Among U.S. states in which manufacturing sector has the largest employment include Michigan, Wisconsin, Iowa, Indiana, Kentucky, Mississippi, and Alabama.
2. Trump won electoral college votes in all of these states, some of which are traditionally Democratic states (i.e., Michigan and Wisconsin) and swing states. These states' major industries suffered employment declines.



Taiwan's New Economic Model

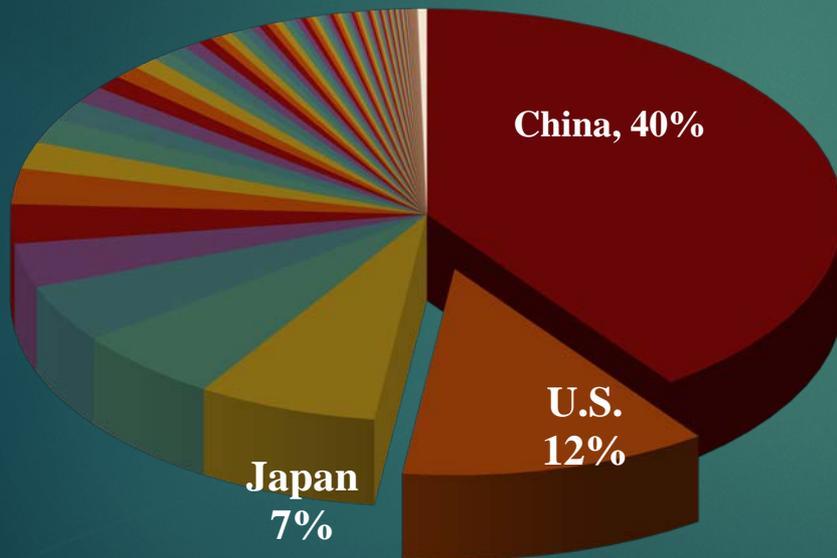
Economic Stagnation in Taiwan

- Globalization and China's rise as the world's factory have affected Taiwan's efficiency-driven model of economic growth.
- This has gradually resulted in a widening income gap, outsourcing of job opportunities, and stagnating salaries.

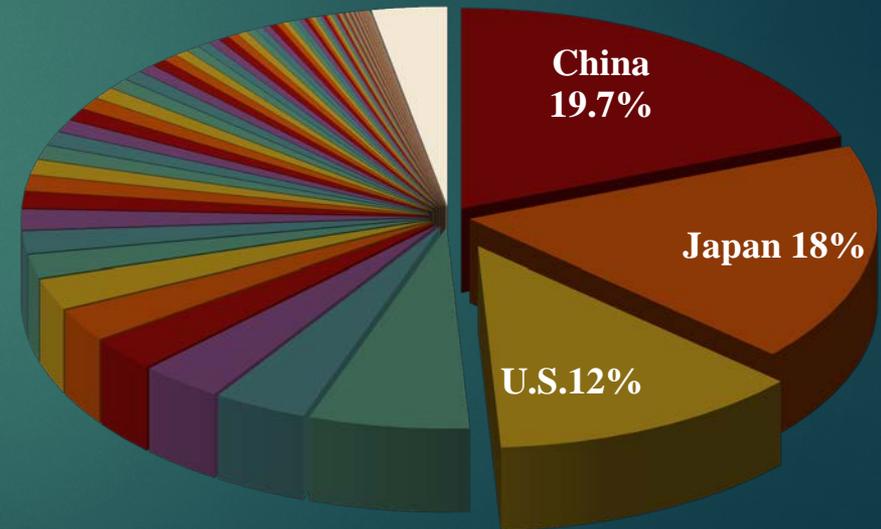
Taiwan's President Tsai Ing-wen, June 3 2015, CSIS

Exports and imports of Taiwan

Taiwan's Main **Export** Destinations (2016)



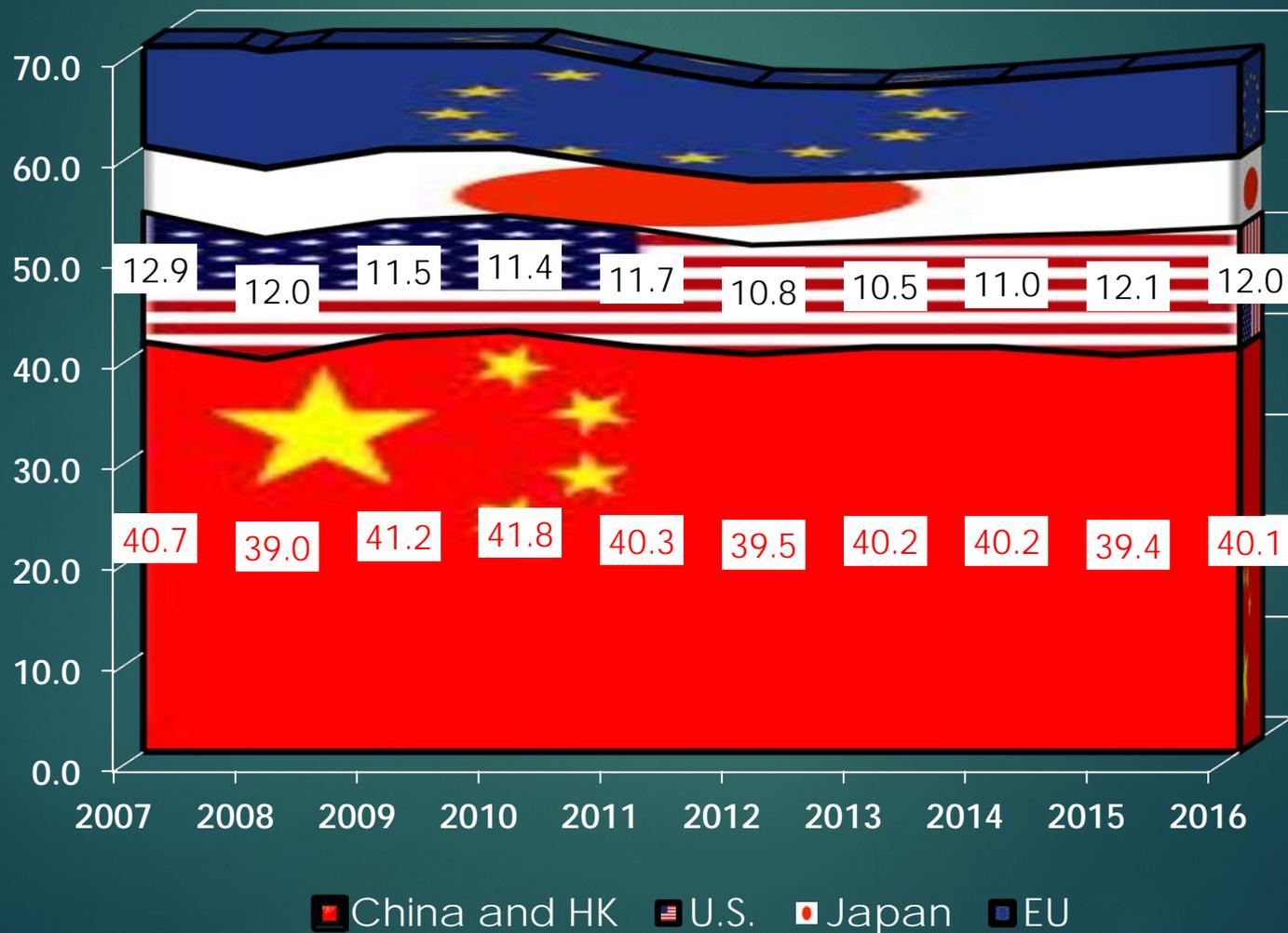
Taiwan's Main **Import** Sources (2016)



Taiwan's Main Exports by Destination

10

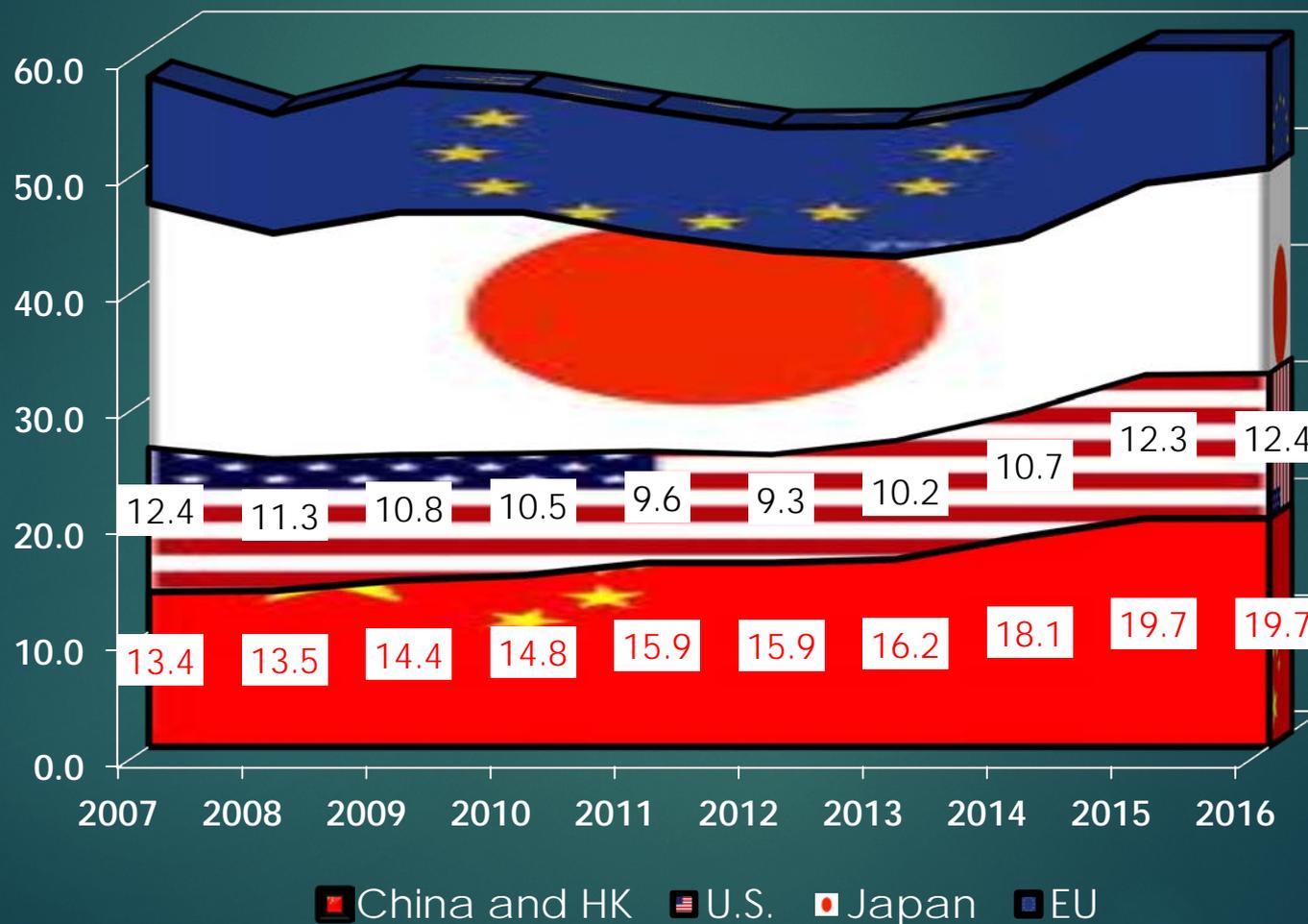
Source : Taiwan Customs Statistics



Taiwan's Main Imports by Source

11

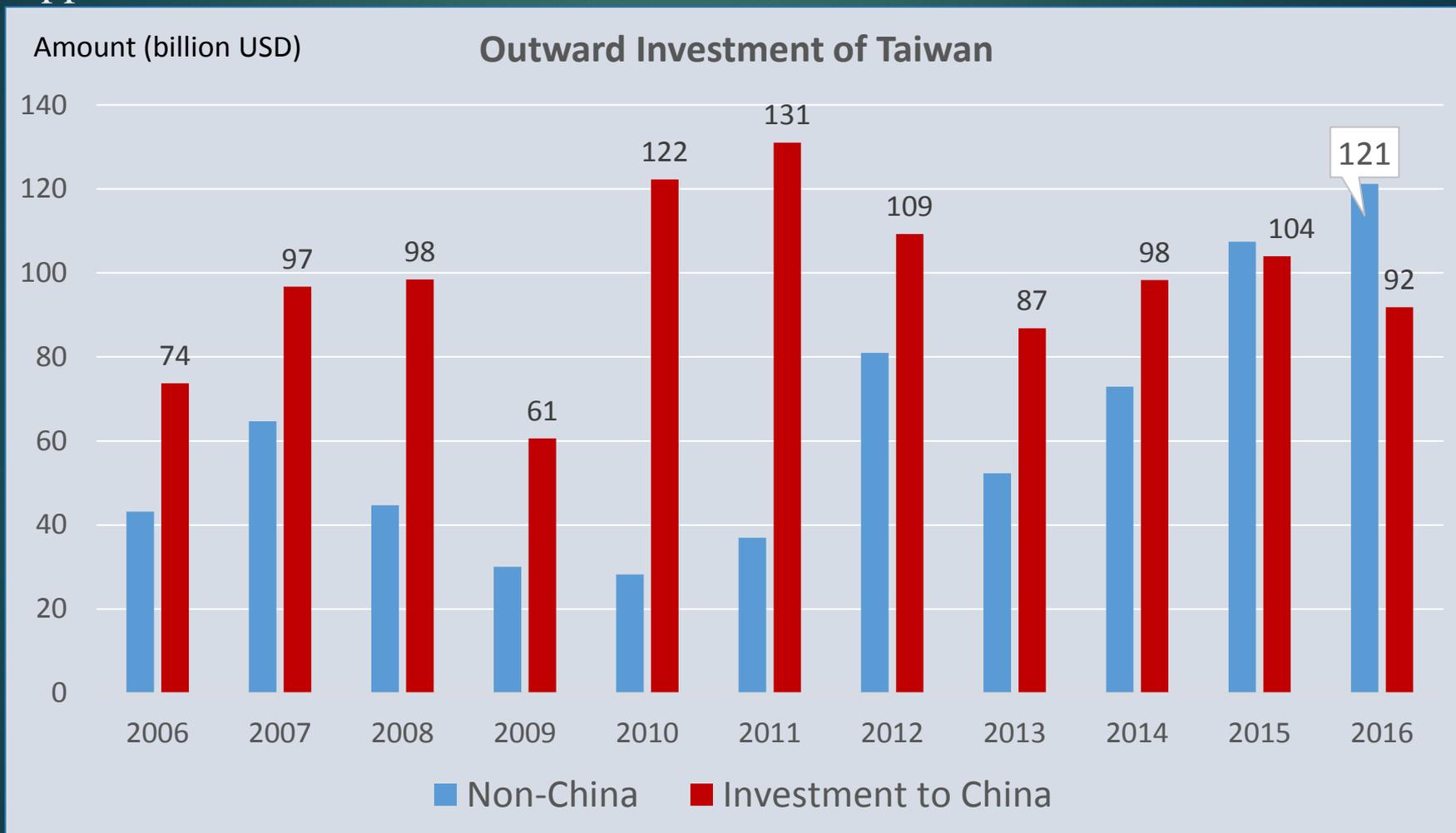
Source : Taiwan Customs Statistics



Outward Investment

12

approved amount in billion USD



Source: The Investment Commission, Ministry of Economic Affairs, Taiwan

Taiwan's New Model for Economic Development

The three core elements:

- 1. Innovation**
- 2. Job Creation**
- 3. Equitable Distribution**

Taiwan's Five Innovative Economic Agenda

1. Create an Asian Silicon Valley in Taiwan
2. Smart Machinery center
3. Bio-medical tech centers
4. Center of green energy
5. Create a New Defense Industry Cluster



U.S.-Taiwan Economic Relations

Trading partner

U.S.: Taiwan is the **9th** largest

Taiwan: U.S. is **2nd** largest



The screenshot shows the U.S. Department of State website header with the seal and the text "U.S. DEPARTMENT OF STATE DIPLOMACY IN ACTION". The navigation menu includes "SECRETARY TILLERSON", "ABOUT", "WHAT WE DO", "POLICY ISSUES", "COUNTRIES & REGIONS", and "PRESS". A search bar is visible with the text "Search Site...". Below the search bar, the breadcrumb trail reads: "Home > Under Secretary for Public Diplomacy and Public Affairs > Bureau of Public Affairs > Bureau of Public Affairs: Publications > U.S. Bilateral Relations Fact Sheets". The page title is "U.S. Relations With Taiwan" and there are social media sharing icons for Facebook, Twitter, Google+, and LinkedIn.

U.S. Assistance to Taiwan

U.S. development assistance to Taiwan in the 1950s and 1960s helped Taiwan create a more prosperous economy. Currently, the United States provides no development assistance to Taiwan.

Economic Relations

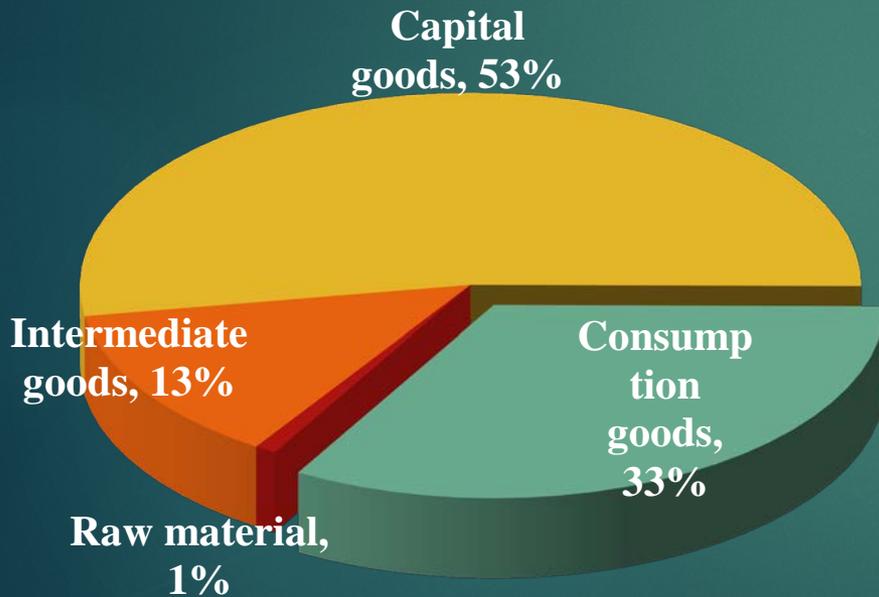
The United States has maintained and enhanced its commercial ties with Taiwan since 1979. Taiwan is the United States' ninth largest trading partner, and the United States is Taiwan's second largest trading partner. Taiwan enjoys Export-Import Bank financing, Overseas Private Investment Corporation guarantees, normal trade relations status, and ready access to U.S. markets. AIT has been engaged in a series of trade discussions that have focused on protection of intellectual property rights and market access for U.S. goods and services. The United States has a trade and investment framework agreement with Taiwan under the auspices of AIT and the Taipei Economic and Cultural Representative Office (TECRO) in the United States. As of 2013, companies from Taiwan employed more than 12,000 workers in the United States with total worker compensation of almost a billion dollars.

relationship between the United States and Taiwan, and reaffirms the U.S. commitment to assist Taiwan in maintaining its defensive capability. The United States insists on the peaceful resolution of cross-Strait differences, opposes unilateral changes to the status quo by either side, and encourages both sides to continue their constructive dialogue on the basis of dignity and respect.

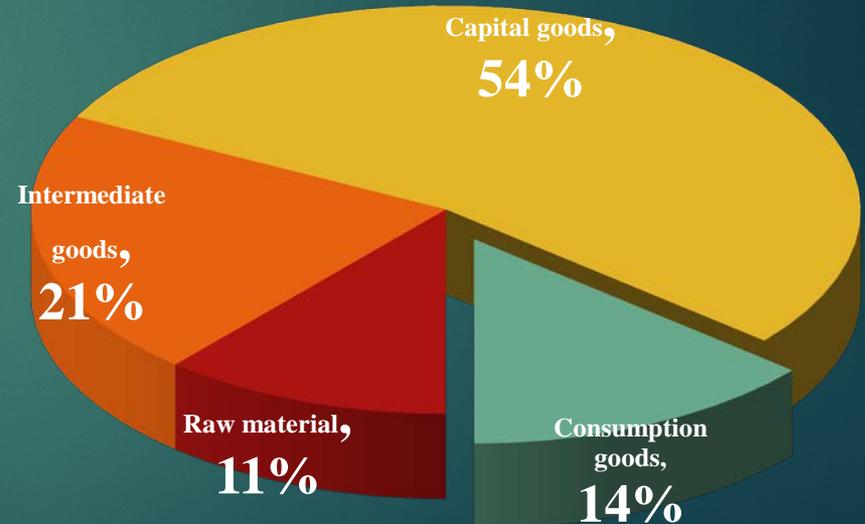
Characteristics of U.S.- Taiwan Trade

17

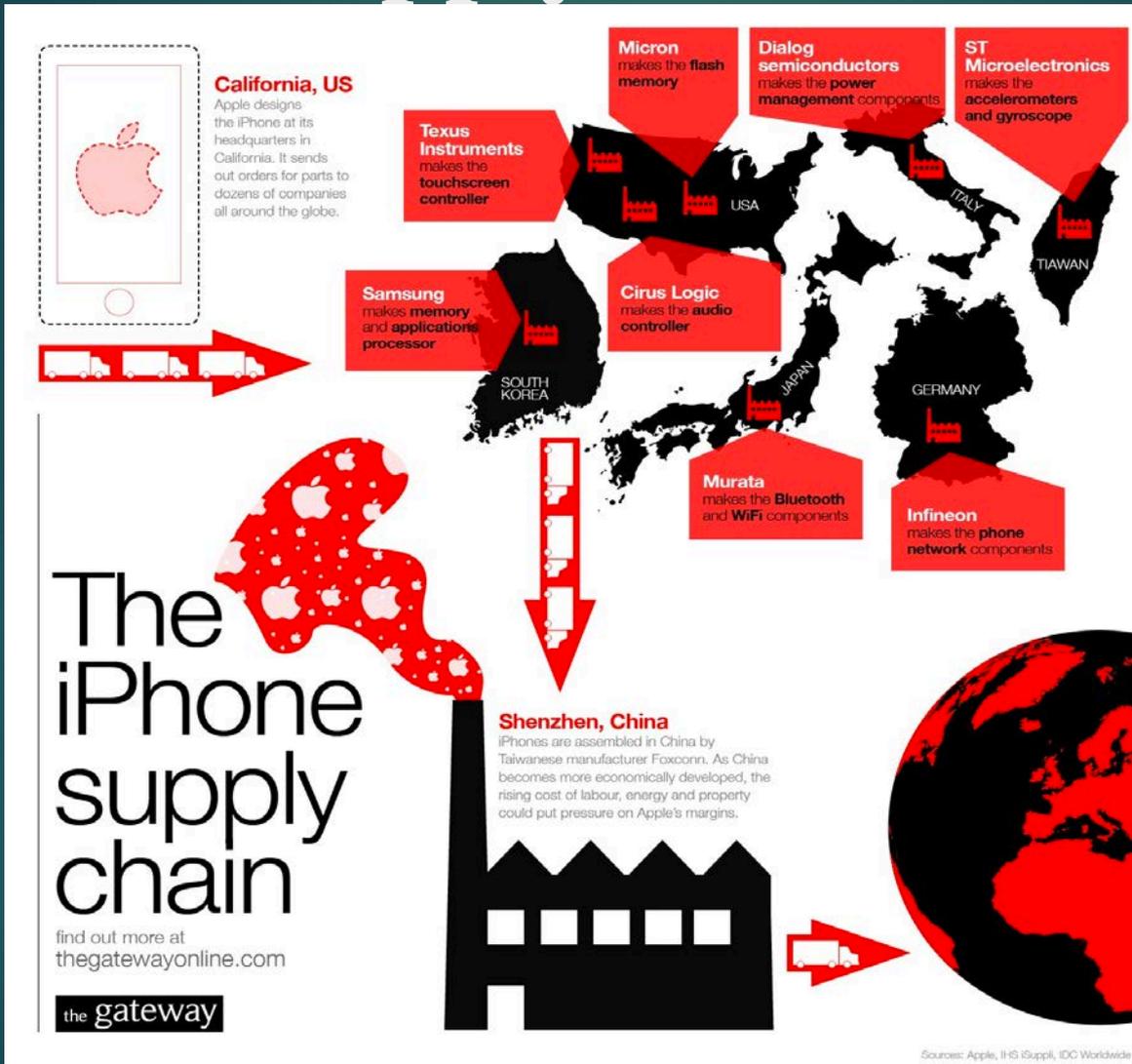
2016 Taiwan main exports to the U.S.



2016 Taiwan main imports from the U.S.

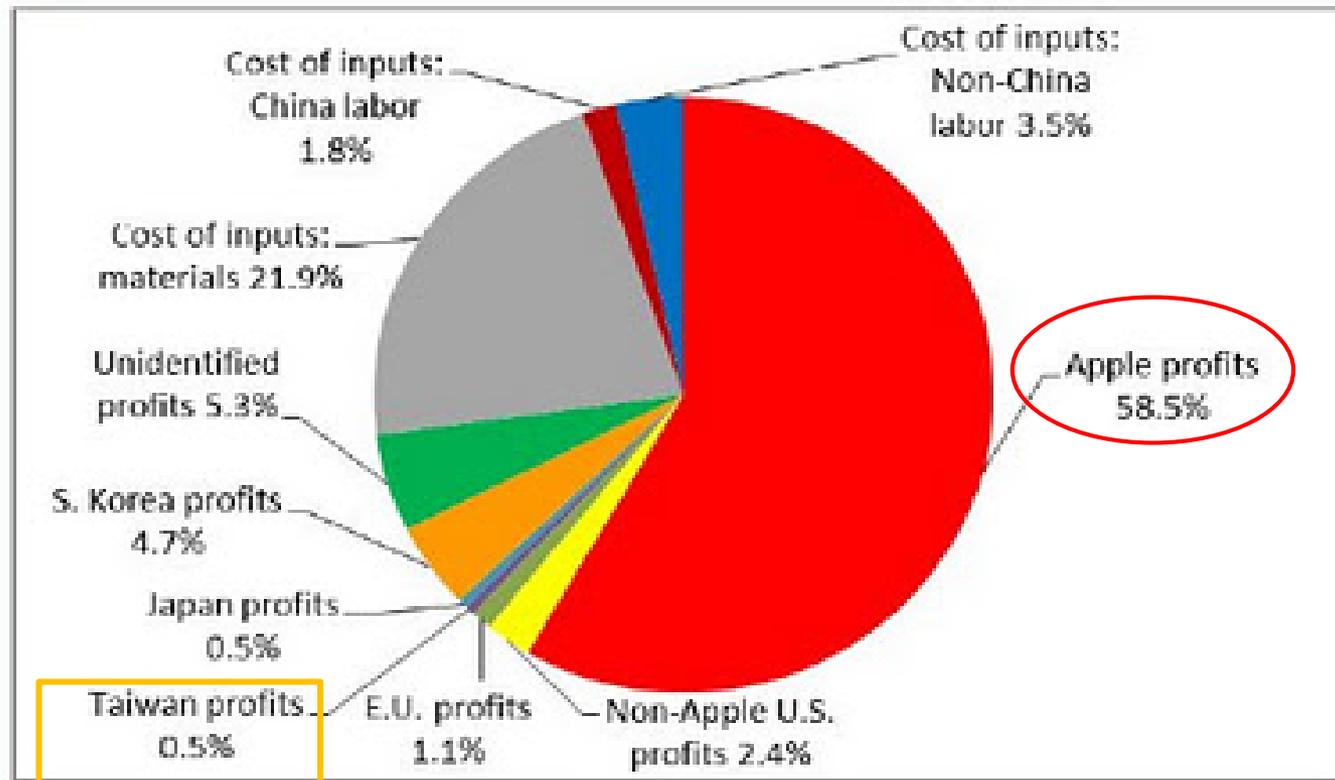


Global Supply Chain



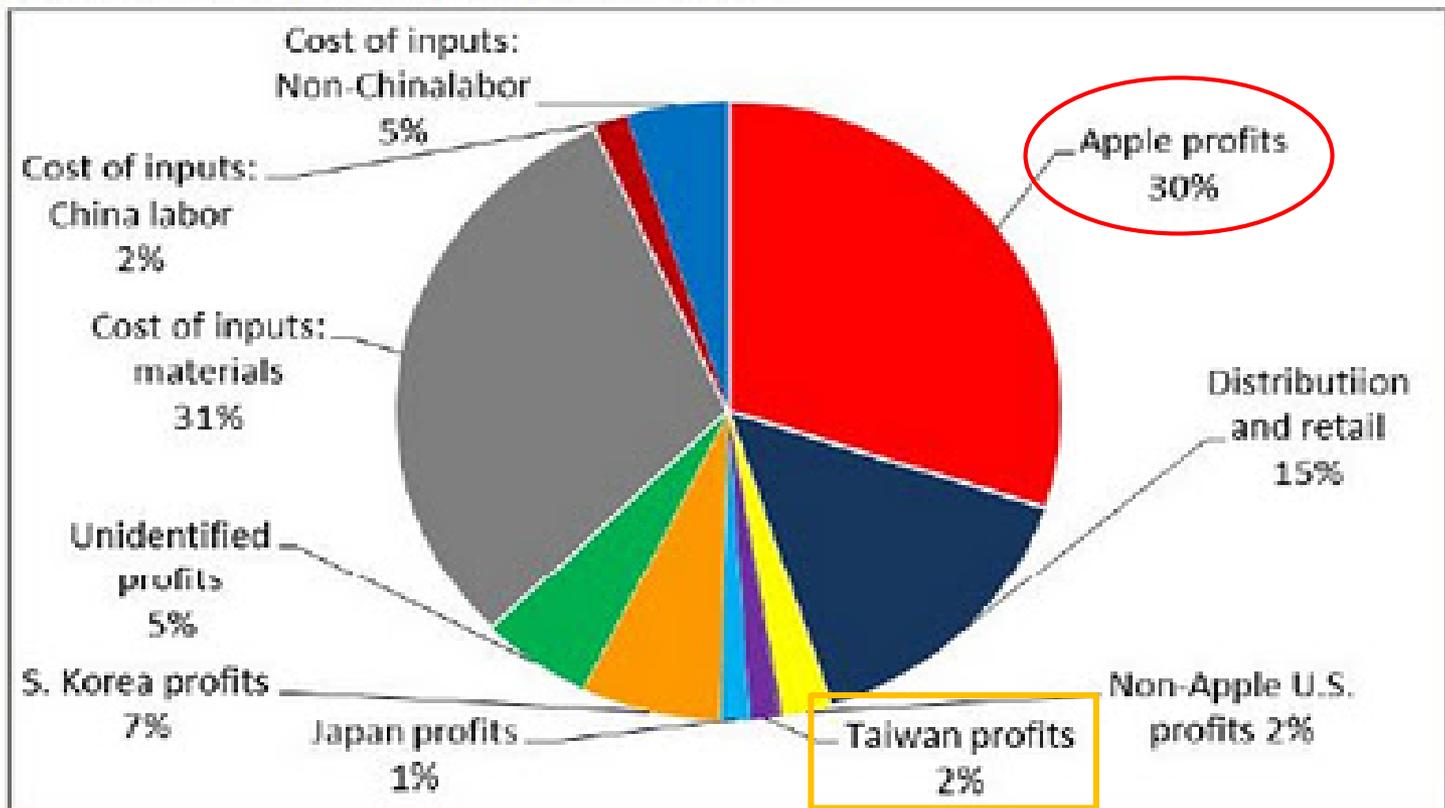
Taiwan's exports contribute to the U.S. global supply chain

Figure 1. Distribution of value for iPhone, 2010



Taiwan is a “natural trading partner” for the U.S.

Figure 2. Distribution of value for iPad





Taiwan's Strategy under Trumpeconomics

Taiwan's Strategy under Trumpeconomics

1. USTR Robert Lighthizer: “I intend to develop a trade and investment policy that promotes a stronger bilateral relationship with Taiwan.”
 - Strengthens economic and trade relations
2. Bringing manufacturing back to the U.S.
 - Taiwan's related industries, such as the Internet, IoT, cloud computing, and cybersecurity, would benefit from Trump's policies.

Taiwan's Strategy under Trumpeconomics

1. Strengthen Taiwan-U.S. economic and trade relations
2. Strengthen Taiwan-U.S. industrial and technical cooperation
3. Expedite Taiwan's industrial upgrade and transformation

Thank You
for Your Attention!