

Taiwan: a resilient economy and a strategic partner for France

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- II – Global economic forecast in 2020 and 2021
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I – A resilient economy in Q1 2020

- Legislative Yuan voted a strong economic stimulus: 33 bn USD (5.4% of GDP).
- CBC lowered its base rates in March.
- Economic growth of 1.59% in Q1 (yoy)
- High external demand for semiconductors and ICT industries products.
- Taiwan is benefiting from trade diversion in electronic industry (back end services)
- Some activities are deeply hit: consumer goods, tourism, air transports, textile,...
- Economic forecast (2020): DGBAS (1.67%) ; CBC (1.52%) ; ADB (0.8%) ; Moody's (0.2%)
- High income and wealth levels, strong institutional framework and fiscal and external positions.



II – Global economic forecast for 2020 and 2021

Global growth forecast for 2020:

WB: -5.2%

IMF: -4.9%

A strong economic rebound expected in 2021:

WB: +4.2%

IMF: +5.4%

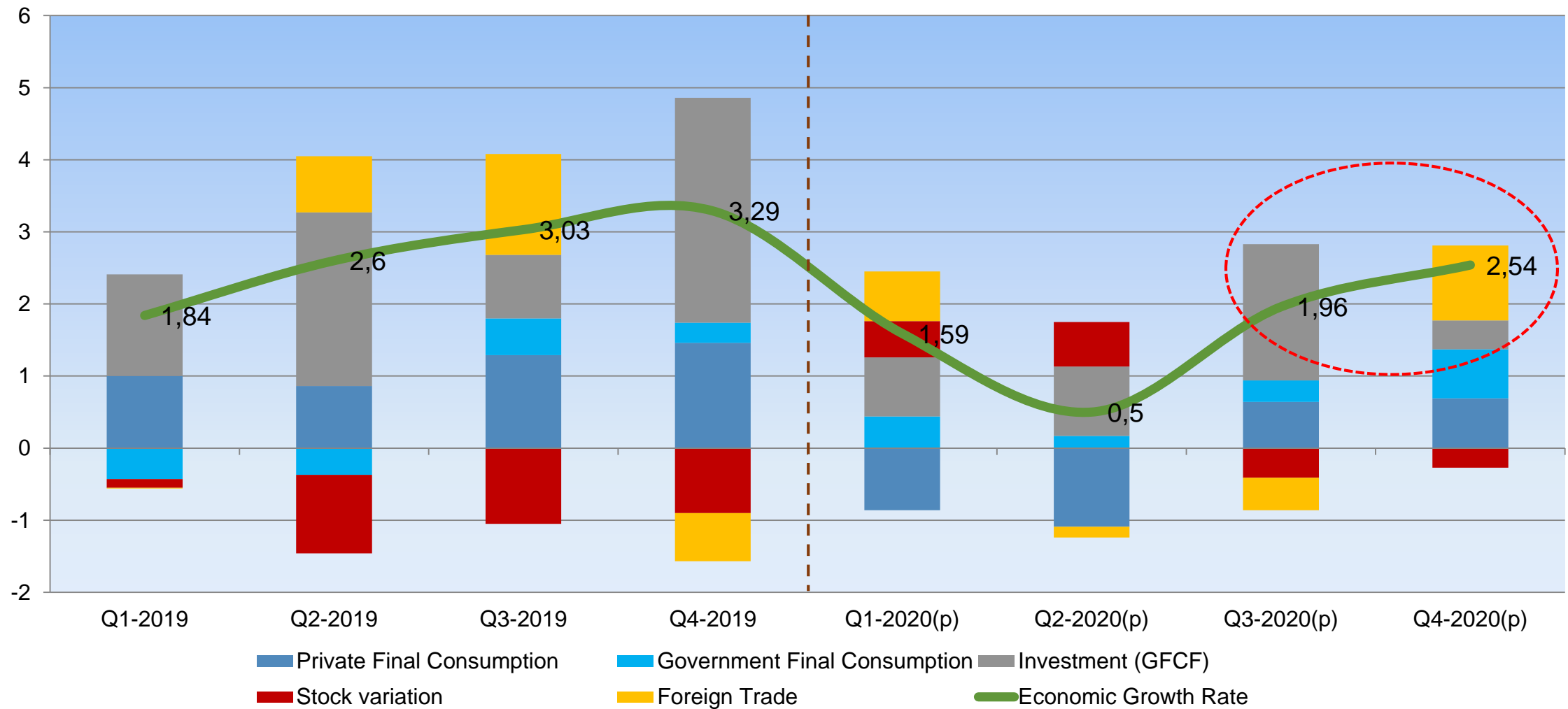
Chinese economic growth forecast in 2020: +1% (IMF)

Sanitary situation is not totally under control in China and Japan and is getting worst in the US

Tensions between USA and China are increasing

Taiwan's economy to recover in 2021: +3.5% (ADB) and +3.7% (Moody's)

III – Official economic growth scenario for Taiwan in 2020



Source : DGBAS

Taiwan's economic fundamentals:

	2017	2018	2019	2020(f)*
Economic Growth	+3,31%	+2,75%	+2,71%	+1,67%
Inflation	0,62%	1,35%	0,56%	-0,32%
Unemployment	3,76%	3,71%	3,73%	4,07% (May)
Private final consumption (yoy)	+2,70%	+2,04%	+2,21%	-0,24%
Investment (GFCF) (yoy)	-0,26%	+2,95%	+9,05%	+4,33%
Government final consumption (yoy)	-0,41%	+4,03%	+0,06%	+2,86%
Exports (FOB)	+13,01%	+5,87%	-1,44%	-0,70%
Imports (CIF)	+12,22%	+10,73%	+0,32%	-0,57%
Balance (Bn USD)	58,2	49,2	43,5	42,8

Source : DGBAS (*) : GDP Preliminary Estimate for 2020Q1 and Outlook for 2020 (updated on May 28th 2020)

IV – New economic trends for Taiwan (2020 – 2024)

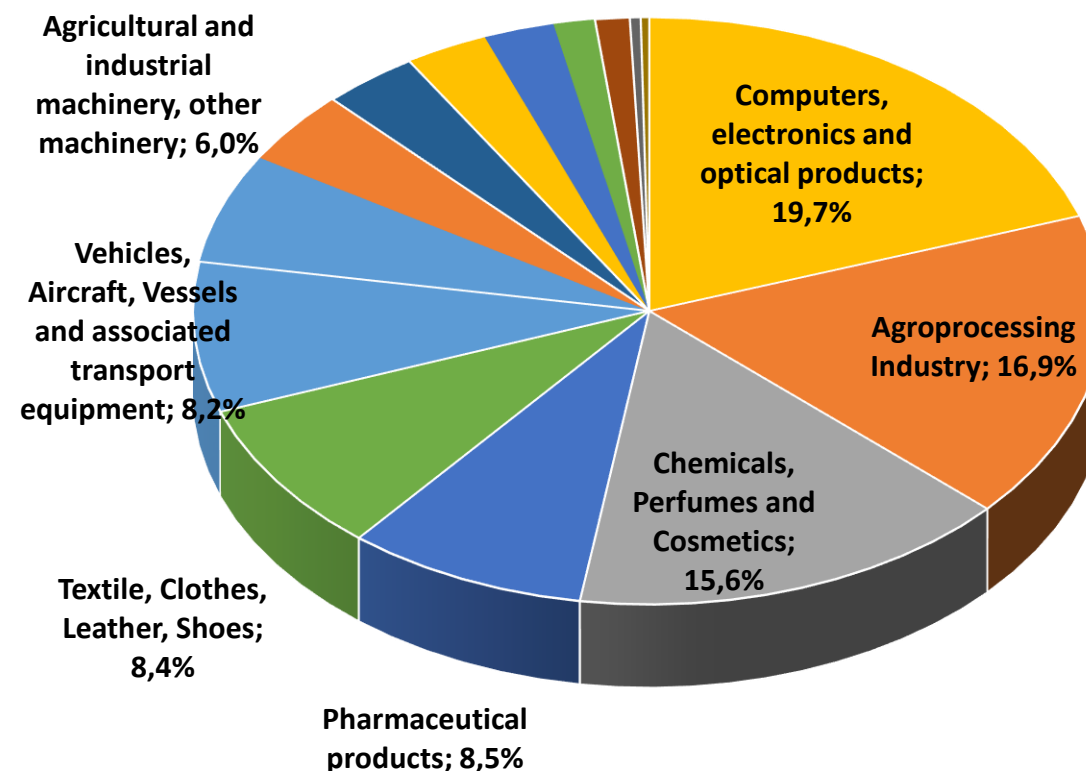
- ❑ Reinforcing foreign partnerships:
 - Sign new FTA and IPA with USA, Japan and EU
 - Join new regional agreements (CPTPP, RCEP,...)
- ❑ Modernization of the economy stays on the agenda:
 - President Tsai Ing-Wen announced 6 new strategic sectors on May 21th.
 - (ICT, Cybersecurity, Biotech & Medical equipment, Defence, Green Energy, Strategic Products)
- ❑ 5G : a stronger competitiveness of Taiwanese economy in 2021.
- ❑ Taiwan is becoming an offshore windfarm industry hub in Asia.
- ❑ Reshoring investment of Taiwanese overseas companies.

V - France's foreign trade with Taiwan

French exports to Taiwan in 2019

- ❖ Total Trade in 2019 : 4,5 bn EUR (France, 19th trade partner of TW)
- ❖ French imports : 2,78 bn EUR (20th client of TW)
- ❖ French Exports : 1,75 bn EUR (16th supplier of TW)

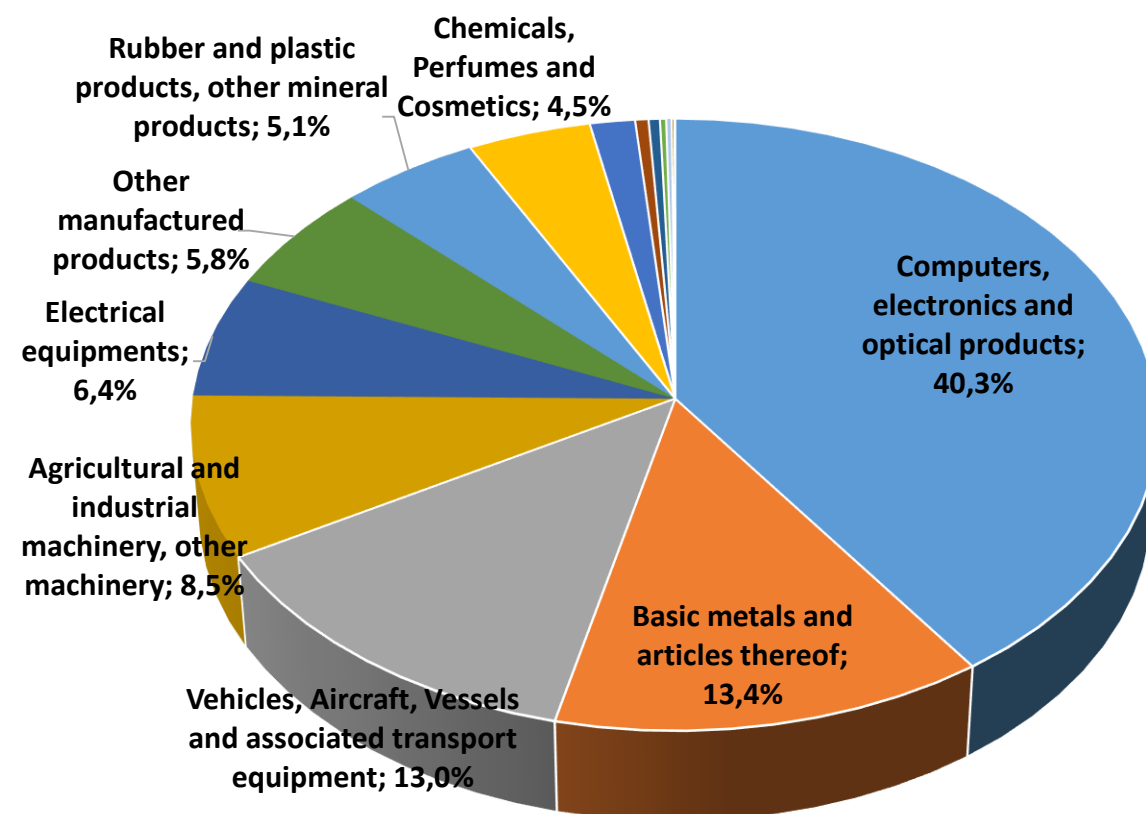
Commodities	Value K euros (growth yoy)	
Computers, electronics and optical products	344 931	(+3,4%)
Agroprocessing Industry	296 665	(+4,7%)
Chemicals, Perfumes and Cosmetics	274 091	(-1,0%)
Pharmaceutical products	149 137	(+5,4%)
Textile, Clothes, Leather, Shoes	147 721	(+17,5%)
Vehicles, Aircraft, Vessels and associated transport equipment	144 164	(-75,3%)
Agricultural and industrial machinery, other machinery	105 657	(-11,5%)
Basic metals and articles thereof	59 302	(-13,5%)
Electrical equipment	51 349	(+3,2%)
Rubber and plastic products, other mineral products	43 712	(+9,4%)
Total	1 751 631	(-19,8%)



France's foreign trade with Taiwan

French imports from Taiwan in 2019

Commodities	Value K euros (growth yoy)	
Computers, electronics and optical products	1 120 764	(+23,5%)
Basic metals and articles thereof	372 168	(-5,9%)
Vehicles, Aircraft, Vessels and associated transport equipment	361 134	(+15,6%)
Agricultural and industrial machinery, other machinery	236 858	(+3,4%)
Electrical equipments	178 260	(+1,5%)
Other manufactured products	161 531	(-1,9%)
Rubber and plastic products, other mineral products	140 558	(+2,0%)
Chemicals, Perfumes and Cosmetics	124 344	(+1,1%)
Textile, Clothes, Leather, Shoes	45 556	(-0,6%)
Pharmaceutical products	13 417	(+16,5%)
Total	2 781 621	(+9,9%)



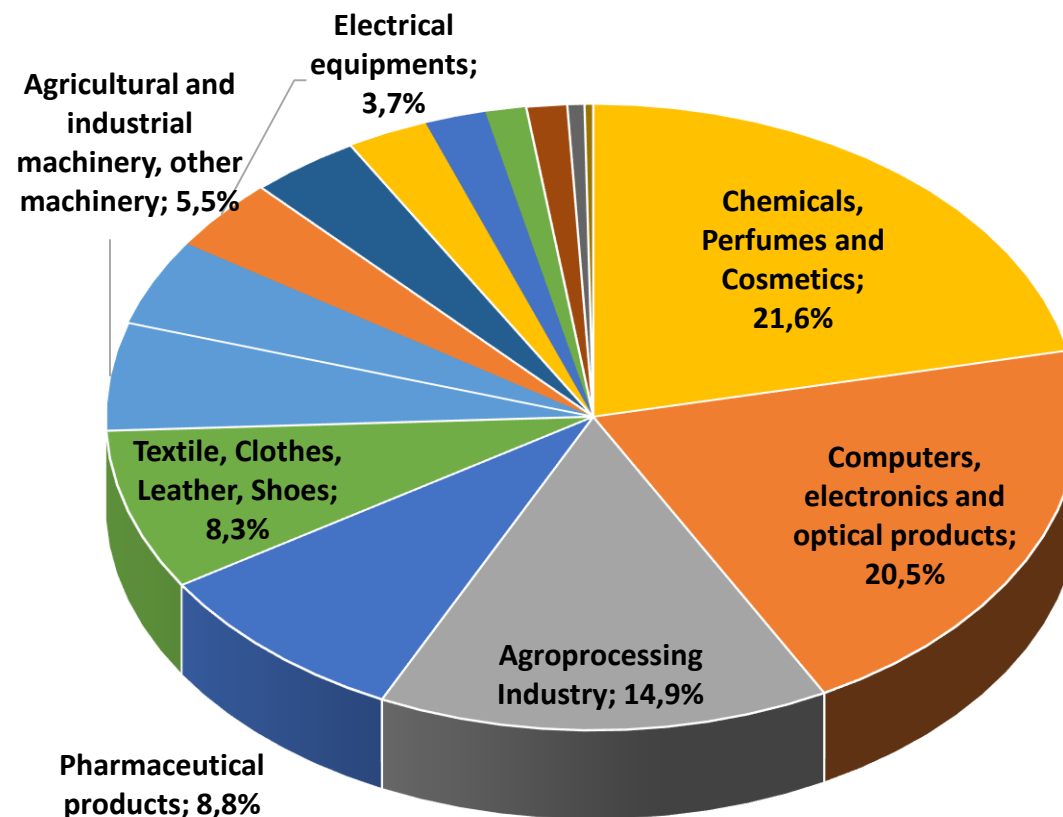
Source : French Customs

France's foreign trade with Taiwan

French exports to Taiwan in the first four months of 2020

- ❖ Total Trade in the first 4 months 2020 : 1,5 bn EUR (France, 21st trade partner of TW)
- ❖ French imports : 961 M EUR (22nd client of TW)
- ❖ French Exports : 518 M EUR (18th supplier of TW)

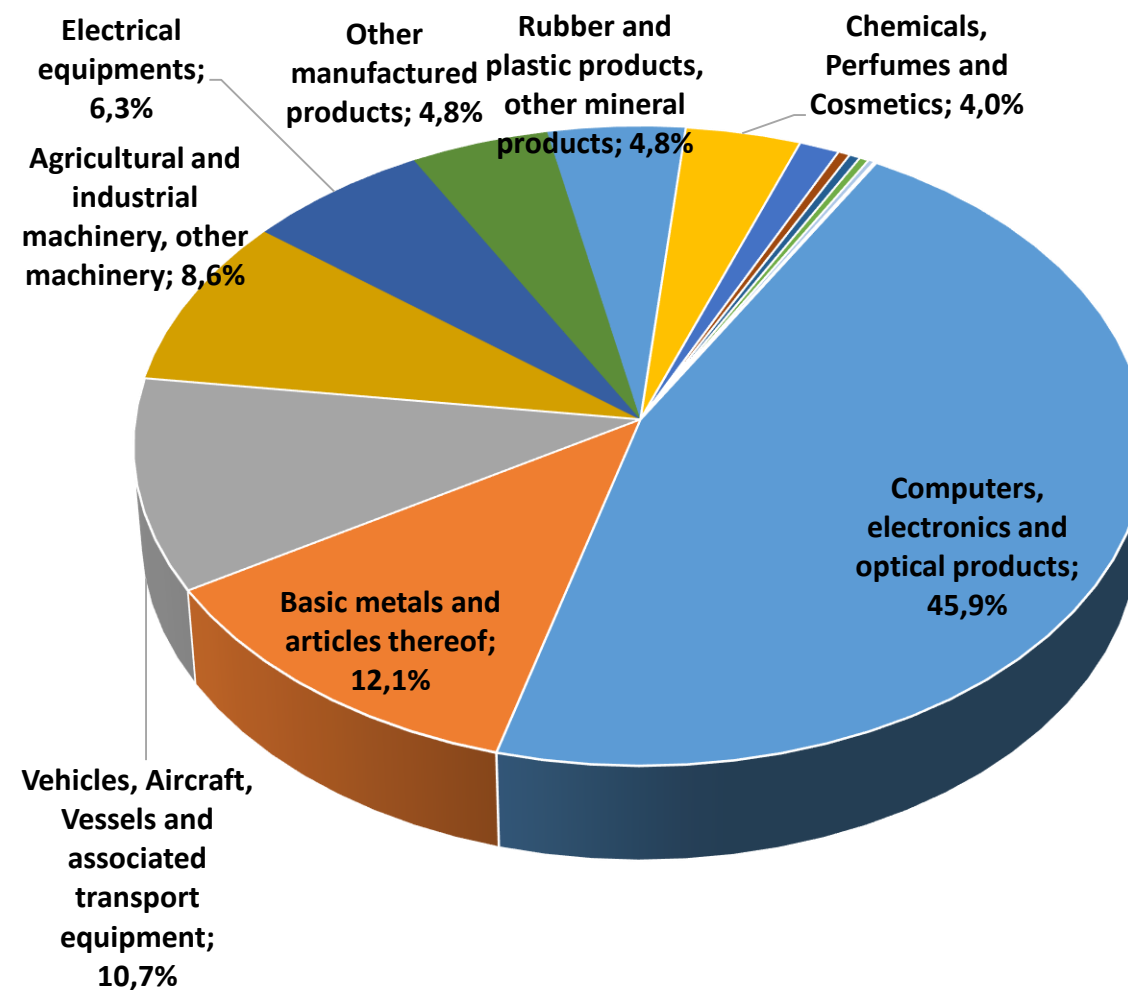
Commodities	Value K euros (growth yoy)	
Chemicals, Perfumes and Cosmetics	111 679	(+36,9%)
Computers, electronics and optical products	106 217	(-3,3%)
Agroprocessing Industry	77 414	(-12,8%)
Pharmaceutical products	45 709	(+0,4%)
Textile, Clothes, Leather, Shoes	42 967	(-6,8%)
Agricultural and industrial machinery, other machinery	28 748	(-16,6%)
Electrical equipment	19 335	(+19,6%)
Vehicles, Aircraft, Vessels and associated transport equipment	18 791	(-52,4%)
Basic metals and articles thereof	13 979	(-44,4%)
Rubber and plastic products, other mineral products	10 506	(-32,9%)
Total	518 210	(-4,0%)



France's foreign trade with Taiwan

French imports from Taiwan in the first four months of 2020

Commodities	Value K euros (growth yoy)	
Computers, electronics and optical products	441 386	(-16,7%)
Basic metals and articles thereof	116 862	(-16,3%)
Vehicles, Aircraft, Vessels and associated transport equipment	103 114	(-20,0%)
Agricultural and industrial machinery, other machinery	82 726	(+8,7%)
Electrical equipments	60 761	(-11,4%)
Other manufactured products	46 049	(-17,4%)
Rubber and plastic products, other mineral products	45 699	(-10,1%)
Chemicals, Perfumes and Cosmetics	38 340	(-24,9%)
Textile, Clothes, Leather, Shoes	13 366	(-18,2%)
Pharmaceutical products	3 630	(+9,2%)
Total	961 916	(-15,0%)



Source : French Customs

French successes in Taiwan in 2019 & 2020

AIRBUS signed contracts with CAL and StarLux

THALES is providing a new ATM system to Taiwan

Ciel & Terre strong leadership in Taiwan in floating solar energy

Air Liquide to invest 200 M EUR in Taiwan

Carrefour entered into an agreement with Dairy Farm to acquire Wellcome Taiwan

Genesink new presence in Taipei (following Tokyo in 2018)

French Tech Taiwan launched its « Open innovation Club » and its « Platform for talents »

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Futures partnerships and on going challenges

Future partnertships:

Renewable energies

Green finance

Biotech

Startups & talents

Semiconductors

AI and IOT

VC and crossed investments

...

On going challenges:

Markets access issues:

- Food-processing
- Organics
- Cosmetics
- Pharmaceuticals

Renewable of work permit

Access to local financings

...

Conclusion:

- Taiwanese economy still resilient but uncertainties remain for the second half of the year.
- Taiwan could face a shock of demand in the second half of 2020.
- Taiwan is vulnerable to the outcome of trade tensions between China and the US.
- Taiwan strengths: High competitiveness, technological prowess and skilled labor pool.
- France and Taiwan keen to reinforce cooperation in high tech and value added services.
- French Office in Taipei's ambition : to bring France Taiwan relation to a new high in 2021.

Thank you