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EU-TAIWAN (CHINESE TAIPEI) ECONOMIC RELATIONS: THE WAY FORWARD

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Ladies and Gentlemen,

Let me first thank ECIPE for organizing this conference. Once again, ECIPE is doing a great service to the trade policy community in Brussels. I want to take a few minutes to outline BUSINESSEUROPE views on economic relations with Taiwan and how we can deepen the relationship in the future.

First, it is true that Taiwan is a relative small market of just 23 million consumers – but it is nevertheless a very dynamic and interesting economy for EU business. Taiwanese firms are highly competitive especially in the ICT sector but also in the production of scooters. Taiwanese companies are also big investors in Europe and I would like to highlight that the Czech Business federation – member of BUSINESSEUROPE – has developed high specialized relations with Taiwan through the Taiwan-Czech Republic Joint Economic Council.

Although Taiwan is no longer an emerging economy, it is a rapidly growing economy which is benefiting from improved economic and trade relations with China. Many EU companies are working closely with Taiwanese partners to develop this economic relationship further. From that perspective, Taiwan is an interesting market to improve EU-China business ties as well. I would like to underscore that we appreciate very much the high level political efforts of Taiwan and China to improve trade relations because this bring greater peace and prosperity to the region.

While I am certain positive about the perspectives of improving Taiwan and EU business relations, there are still a number of challenges for our companies operating in Taiwan.

- **International Standards:** Unfortunately, Taiwan remains a challenging place for companies when it comes to regulations and standards. Double testing requirements or Taiwan-specific standards can often block or significantly increase the cost exports to the market. This concerns electrical equipment, automobiles, pharmaceuticals, cosmetics and medical equipment. Movement toward the recognition of international standards and EU testing is certainly an area for future cooperation.



- Trade with China: While China and Taiwan have significantly liberalised trade recently – which we applaud – there are still problems exporting some goods produced in China by European firms to Taiwan. This concerns automotive and electrical engineering and hinders the ability of EU firms to develop a region-wide approach to the market. We hope that this relationship will evolve toward freer trade in the future.
- Regulation of services and investment: Many EU firms can provide substantial developments to Taiwan in services and through investment in the local market. Unfortunately, services markets, while often open, are regulated out of line with best international practice. This adds costs and hinders efficiencies for customers in sectors like telecommunications, retail or financial services. We believe that Taiwan and the EU would gain significantly by working together to address these regulatory challenges.
- Open procurement markets and infrastructure: Taiwan has recently acceded to the WTO Government Procurement Agreement which is a substantial and positive step. By opening this market to competition, Taiwan will not only benefit from reciprocal opening to GPA markets but will also improve efficiencies on its home market. There are tremendous opportunities in this field – especially for infrastructure development. Notably, Taiwan has adopted an ambitious climate and energy policy which will require substantial investment in cleaner and more efficient energy production and consumption. EU companies could certainly contribute to those objectives as they are technology leaders in the field. However, to facilitate this cooperation, the EU and Taiwan should work together to assist Taiwan in improving the implementation of the GPA – which we recognise can be challenging. In addition, to advance on clean and energy efficient technology, the EU could help Taiwan in developing efficient models to foster, for example, the development of renewable energies or in refurbishing older but still useful plants.

Finally, I should not conclude this presentation without discussing options for formalising the Taiwan-EU economic relationship. Until recently, it would have been hard to imagine this possible due to political and diplomatic issues. However, with the much improved relations between Taipei and China, new avenues of cooperation are open to us. I should also add that the constructive political relations between the EU and China also facilitate this.

I was recently approached by the EU chamber of commerce in Taiwan about the possibility of negotiating a trade agreement in the future. While I was taken a bit by surprise, I know this chamber well and the seriousness of its work indicates that they have not examined this issue lightly.

We too are now examining this possibility where we do indeed see many positive opportunities for EU business provided the right rules and commitments would be covered. Of course, there are some defensive concerns in some EU industries that would have to be adequately addressed before we could advance seriously down this path. But I am optimistic that the business prospects would, in an overall balance, be



positive for Europe in such a deal. Another challenge would be to examine the role of China in this exercise. On the one hand, China would be a direct beneficiary of increased trade and investment between Taiwan and the EU due to the close economic interlinkages between Taiwan and China. On the other hand, China may have concerns or we may have concerns about China's impact on some of our sectors. This is therefore as much an economic as a political challenge to examine.

From our perspective, the course of action should be to examine and study this issue thoroughly and constructively. In the meantime, the EU and Taiwan should accelerate work on the issues that I have raised above. In my view, the time for a step-change in our relations has come.

Thank you.

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