



ANZCham 台北

ANZCham Taipei 2021 Discussion Paper





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Letter from the Chairman

Over the past two years the world has been disrupted by COVID-19, challenging how we run businesses, travel and live our daily lives. ANZCham appreciates and thanks the Taiwanese Government and people for keeping the community safe and the economy strong.

Taiwan's strong performance in curbing the spread of the virus contributed to its strongest economic growth, the highest in 11 years. Flexibility in response measures has minimised the disruption felt by Australian and New Zealand businesses in Taiwan.

We are very proud to be releasing this second ANZCham Discussion Paper to continue to bridge Taiwan, Australia and New Zealand - highlighting areas for improvement and collaboration that will benefit both businesses and the greater community. In particular, the Chamber welcomes Taiwan's application to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

I would importantly like to thank the Chamber's members and sponsors, especially our Platinum members: ANZ Bank and Macquarie; Gold member: Blackmores; and, our Silver members: Crown Relocations, Manildra and Zespri. Without their support, the Chamber would not be in the position it is today.

ANZCham would also like to acknowledge the Australian Office and Commercial Section, New Zealand Commerce and Industry Office, New Zealand Trade and Development Office, and Trade Investment Queensland for their continued engagement with the Chamber and their support of the business community.

Finally, it is with great pleasure that I serve ANZCham as Chairman of the Board during its 30 year anniversary and look forward to seeing the Chamber continue to grow and evolve to better serve the community.



Dr Jeffrey Chen
Chairman
Australia New Zealand Chamber of Commerce in Taipei

Letter from the Executive Director

2021 marks the 30 year anniversary of ANZCham. Our Chamber has taken many forms over the years and has continued to transform and evolve in order to better serve the community as the leading association for Australian and New Zealand businesses in Taiwan.

We continue to serve the business community through newsletters, social media, forums, working lunches and networking events. Since the outbreak of COVID-19, we have successfully introduced online events. Our annual Business Awards will be presented this year for the 16th time. The Chamber continued to run our highly popular annual Charity Bike Ride, which this year saw us riding from Taipei to Tainan and donating to local charities in Chongde (崇德家扶中心) and Yuli (玉里家扶中心). Our objectives and membership scope are outlined in Appendix A of this paper.

While some of our events have been disrupted over the past two years, our Discussion Paper continues to serve as an important channel in connecting the Australia, New Zealand and Taiwan business communities and Governments.

This Discussion Paper is designed to address broad business themes and opportunities of the trilateral Taiwan-Australia-New Zealand relationship. Additionally, it aims to identify specific challenges faced by our members and propose potential solutions.

The 2021 Business Survey was initiated to assess the business environment and highlight key issues and opportunities. Respondents answered 70 questions on a number of issues. The results can be found in Appendix B.

ANZCham is also a strong supporter of Taiwan's inclusion into the CPTPP and it was a great privilege for ANZCham Board Director, Vincent Chang, and I to represent the Chamber at an Australian Parliament hearing to advocate for Taiwan's inclusion.

Finally, I would like to thank ANZCham member KPMG Taiwan for partnering with us on this year's Discussion Paper, your support of the Chamber and this activity have been greatly appreciated. We hope this year's Discussion Paper will stimulate productive discussions and further interaction.



Alex Matos
Executive Director
Australia New Zealand Chamber of Commerce in Taipei

Executive Summary

This is the second publication of the discussion paper by Australia New Zealand Chamber of Commerce in Taipei (ANZCham Taipei). In this year's paper, we have included an update on the trade relationship between Taiwan and Australia and New Zealand and a compilation of industry-specific issues, followed by recommendations from these industry experts. Our members have also expressed their views through a business survey on topics ranging from doing business in Taiwan, banking system to trade relations.

This discussion paper has identified various opportunities to enhance business activities within our trilateral relationship.

With Taiwan being the 7th largest export market for New Zealand, New Zealand companies continue to enjoy the benefits of the Economic Cooperation Agreement (ECA) between New Zealand and Taiwan, with tariffs almost completely removed from trade between the two countries. Being Australia's ninth largest merchandise export market in 2020, and 12th overall (Australian Government Department of Foreign Affairs and Trade), an ECA between Taiwan and Australia is long overdue. An ECA or Taiwan's accession to the CPTPP will provide opportunities for both sides to increase and diversify trade between the two countries.

All three countries have been quick to contain COVID-19 outbreaks in keeping its populations safe and well. As the world is into its second year of the pandemic and

may need to contemplate a future where we need to coexist with the virus, borders can no longer remain shut. Whilst trade has remained strong, we know there will be further impacts on the export business community. Government in the three countries need to enter into discussions on how to cooperate together to open up travel between the three borders. This can include, but not limited to, aligning policies surrounding vaccination requirement, reduced quarantine periods for fully vaccinated individuals from low risk countries, and such.

Given the occasional outbreaks and infection spikes we have seen throughout 2021, a travel bubble may not be feasible. However, it is pertinent to open up borders to allow for businesses and people to connect, and to resume business activities. A discussion should commence soon to ensure we are well positioned to allow the three economies to flourish.

Further, health and wellbeing have become ever increasingly important, in particular during current times. Taiwan has seen a year-over-year increase in health and nutritional food product sales. However, food capsule and tablets imported from Australia are still subject to a 30% tariff, which is significantly higher than the rest of the world. Reduced tariffs for health supplements and food capsules and tablets will allow the Taiwanese public to have more access to reasonably priced and high-quality health support goods from Australia.

This COVID-19 crisis has also demonstrated the importance of securing the local medical supply chain without reliance on foreign imports, this includes local supply of blood and plasma products. Taiwan has one of the world's highest voluntary blood donation rates. This provides a wealth of resources to manufacture blood preparations from local donors.

While the Executive Yuan approved the "National Blood Self-Sufficiency" policy to ensure adequate supply of domestic plasma preparations, there is no mandatory or punitive provision. As a result, plasma derived products are still currently derived from foreign suppliers. If Taiwan can follow examples from Australia, New Zealand and elsewhere to increase the use of local blood products, there will be greater national security from a self-sufficient supply chain and better resources for treatment of diseases. Such "National Blood" provides antibodies more targeted to local disease and mitigates risk if foreign supplies are interrupted.

Selling of alcoholic beverages online is currently prohibited in Taiwan, except via approved monitored platforms. In other markets, wine sales have grown exponentially in the e-commerce channel. Taiwan is one of the top wine-consuming markets in Asia. It also had the highest proportion of e-commerce shoppers in Asia. COVID-19 social distancing measures have also led to further increases in e-commerce and changed consumer purchase behavior. Loosening restrictions for online wine sales

in Taiwan can allow local wine lovers to purchase their favorite beverages through this growing platform.

Taiwan is one of the economies to experience growth since the COVID-19 outbreak (expected GDP growth to be more than 5% in 2021 (Directorate General of Budget, Accounting & Statistics (DGBAS) & Taiwan Research Institute (TRI)), and the country has demonstrated its ability to effectively contain each surge of locally transmitted cases. This has allowed people on this island to live near-normal lives and continue to serve as an important player in the global supply chain.

The trade and investment relationship will only be sustainable if countries involved can both benefit from it. Taiwan can offer Australia and New Zealand more than just high-tech products. Produce such as mangos, pineapples, guavas are already popular in exacting markets like Japan. Further market opening would bring the joy of quality Taiwanese products to consumers in Australia and New Zealand.

COVID-19 undoubtedly has changed the world and reshaped our lives. As the world seeks to recover and contemplate a future of coexistence with COVID-19, measures need to be taken to allow people and businesses to live and flourish in this new world. More important than ever, it is important for Taiwan, Australia and New Zealand to proactively work together to learn from each other and strengthen our ties.

Message to Canberra

In 2021 we celebrate 40 years of the Australian Office in Taiwan, 30 years of Trade and Investment Queensland in Taiwan and 30 years of ANZCham Taipei, highlighting the deep and enduring connections between Australia and Taiwan. Congratulations to these organisations for your contribution to the relationship.

Australia has bilateral or multilateral trade agreements with 9 of its top 10 global trading partners, and has also signed the Regional Comprehensive Economic Partnership, covering major trading partners across the region. COVID-19 has made it clearer than ever that diversification is essential for Australia and all countries to ensure strong uninterrupted supply chains and long term growth and security. We encourage and welcome Australia's support for Taiwan's accession to the CPTPP. We believe this will drive significant value to all member states.

Australian agriculture and supplement products face significant tariffs in the Taiwanese market. Although these goods are in high demand, these trade barriers

make it more economically viable to source from other countries. New Zealand, for example, has seen strong growth since the signing of the ANZTEC agreement in 2013. Increased collaboration with the United States has also resulted in increased exports.

Taiwan has a proven track record as a reliable trading partner and an ECA with Taiwan or Taiwan's accession to the CPTPP will provide the opportunity for Australian exporters to further diversify their global distribution.

Australia and Taiwan have done well during the COVID-19 pandemic to curb infections and keep their populations safe. As the pandemic continues and we plan our strategies forward, governments are now shifting to a risk based approach to opening up borders. Given the performance and transparency of Taiwan and Australia in their COVID-19 responses, we urge that discussions between the two commence as soon as appropriate to ensure safe travel and maintain the people-to-people and business links.



Message to Wellington

ANZCham commends the New Zealand Government for the execution of the ANZTEC agreement that was signed in July 2013. The ANZTEC agreement provides a comprehensive foundation for the relationship between New Zealand and Taiwan and has been beneficial to our members and the community. ANZTEC has delivered significant benefits to both New Zealand and Taiwan, and we have seen increasing bilateral trade as tariffs and trade barriers have come down.

It is important that further development and promotion around the ANZTEC agreements continues and more opportunities are continued to be explored within that framework. Given the current unstable geopolitical environment and the proven reliability of Taiwan as a trading partner, ANZTEC presents a unique opportunity for New Zealand businesses to diversify and grow their businesses into the Taiwanese market as the market size, ability to scale and consumers behaviours are a great match for New Zealand companies. ANZTEC also has a unique Indigenous chapter, succinctly

supporting international relationships, culture and business opportunities across both economies. In order to leverage the potential that ANZTEC provides for New Zealand businesses in Taiwan, investment in the domestic market is required to realise the distinct advantages ANZTEC has to offer.

We encourage and welcome New Zealand's support for Taiwan's accession to the CPTPP. We believe this will drive significant value to all member states.

New Zealand and Taiwan have done well during the COVID-19 pandemic to curb infections and keep their populations safe. As the pandemic continues and we plan our strategies forward, governments are now shifting to a risk based approach to opening up borders. Given the performance and transparency of Taiwan and New Zealand in their COVID-19 responses, we urge that discussions between the two commence as soon as appropriate to ensure safe travel and maintain the people to people and business links.



Message to Taipei

Arguably there has been no better response to the COVID-19 pandemic than what we have seen in Taiwan, which has continuously bounced back after each outbreak and ensured the safety of those who live here and for this, we sincerely thank you.

The result of this is some of the highest economic growth Taiwan has seen in the past 11 years, forecasted at 5.88%. We hope that Taiwan can continue to leverage its strengths, experience, and consistent record as an international partner to improve trilateral trade and engagement with Australia and New Zealand.

We also thank you for your continued support of the international community in Taiwan and the steps in the right direction towards making Taiwan a more internationally inclusive country. Changes such as the unification of ARC numbers with local ID numbers, and the flexibility of visa status for foreign nationals during the uncertainty of the pandemic have all been much appreciated by the international community.

We are now seeing businesses seriously consider the Taiwan opportunity. Australian exports of agricultural products such as lobster and wine have significantly increased during this period. New Zealand's food security has seen product stability and new interests in the market, including the growth in the technology sector. An increasing

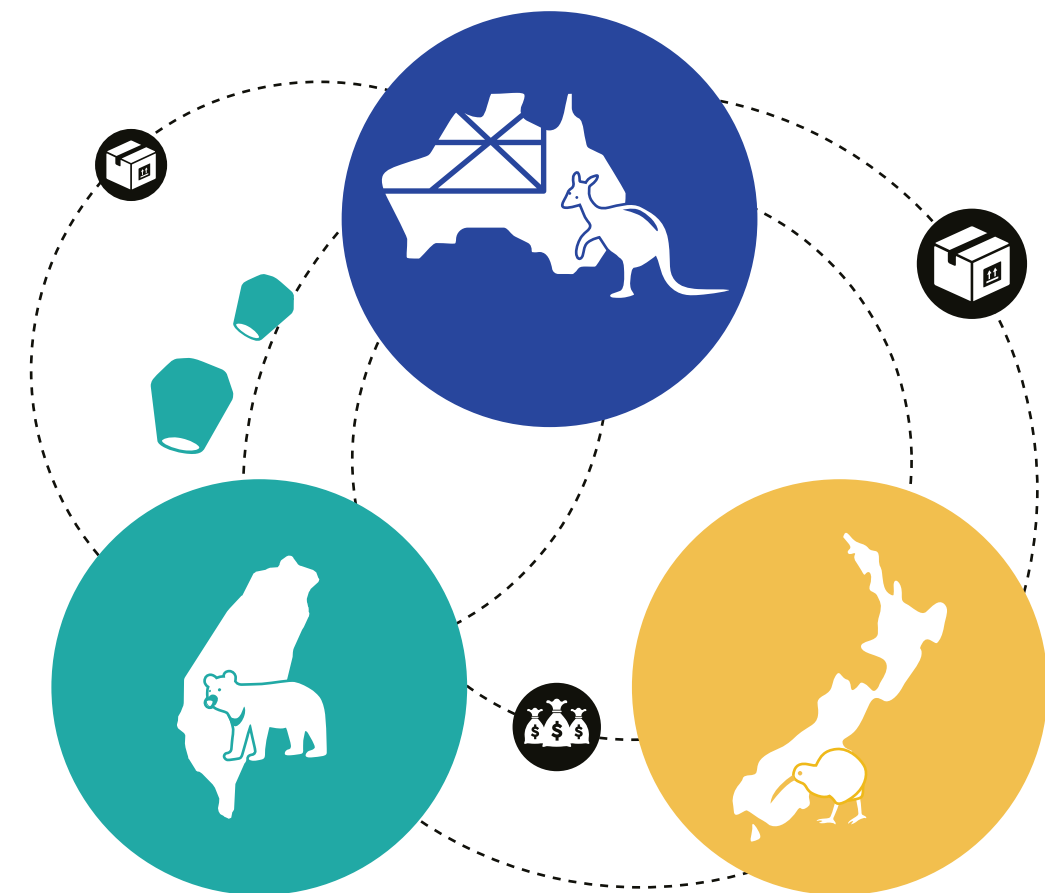
number of Australian and New Zealand companies are considering entering the Taiwan market.

We encourage the Taiwan Government to take advantage and build on your successes by seeking new ways of promoting cross border trade, investment and collaboration. The New Southbound Policy provides a framework and policy for this and we hope to see more collaboration under this between Australia and New Zealand.

ANZCham strongly supports Taiwan's application to join the CPTPP. Earlier in the year we wrote to the Australian Parliament advocating for Taiwan's inclusion and have since attended an Australian Parliament hearing. We believe that Taiwan's inclusion will drive significant value to all member states – including Taiwan – and are happy to provide any support we can.

ANZCham strongly supports Taiwan's Bilingual 2030 policy as a way to promote Taiwan's international competitiveness. As three English speaking nations our interaction can only be stronger. Australia and New Zealand both offer exceptional educational services to support Taiwan in reaching its bilingual goals. The Chamber asks that it be kept updated of any new initiatives in this area and any opportunities for it or its members to provide support.

Taiwan, Australia and New Zealand have done well during the COVID-19 pandemic to curb infections and keep their populations safe. As the pandemic continues and we plan our strategies forward, governments are now shifting to a risk based approach to opening up borders. Given the performance and transparency of Taiwan, Australia and New Zealand in their COVID-19 responses, we urge that discussions between the three commence as soon as appropriate to ensure safe travel and maintain the people-to-people and business links.



Trade Relations Update

Australia and Taiwan

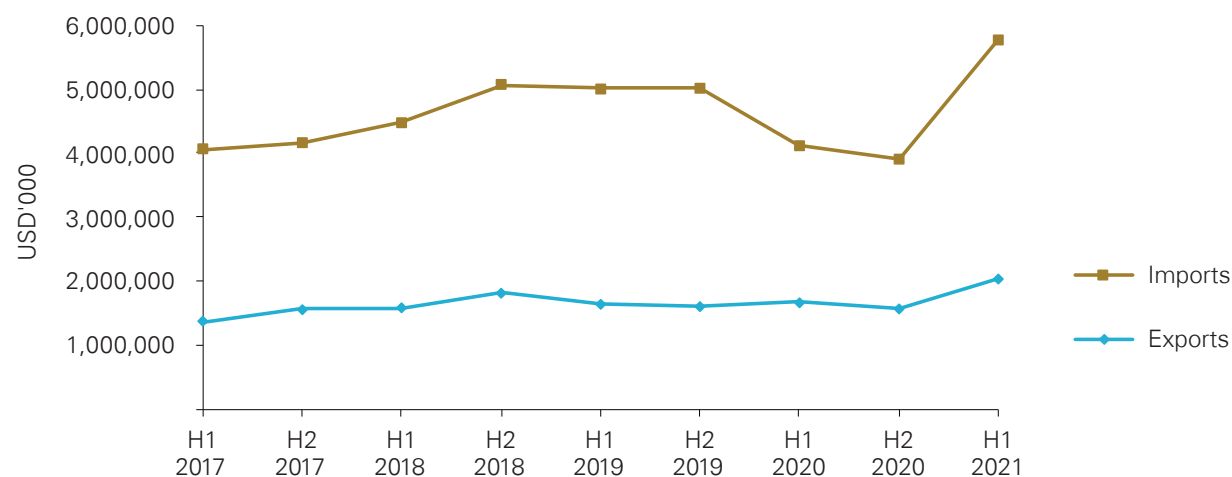


Taiwan and Australia continue to strengthen trade and cultural ties year-on-year.

While trade between Taiwan and Australia decreased in 2020, activities have picked up significantly in the first half of 2021 as the world recovers from COVID-19. Import from Australia to Taiwan saw a 20% decrease from 2019 to 2020, total 2020 value of USD8 billion. The trend shifted, and imports for H1'21 increased by 48% compared to H2'20. Similarly, exports to Australia remained fairly flat between FY19 and FY20 (total FY20 value of USD3.2 billion) and increased by 30% in H1'21 compared to H2'20.

Australia's wealth of natural resources and Taiwan's hi-tech industries are naturally synergetic. Taiwan's top exports to Australia include machinery and electrical equipment, base metal and mineral and gas products, while Australia's major exports to Taiwan include coal, natural gas and iron ore. The trade relationship between Taiwan and Australia will continue to grow as both economies seek to diversify, as evident by increase in mix products exported to Australia.

Trade between Taiwan and Australia



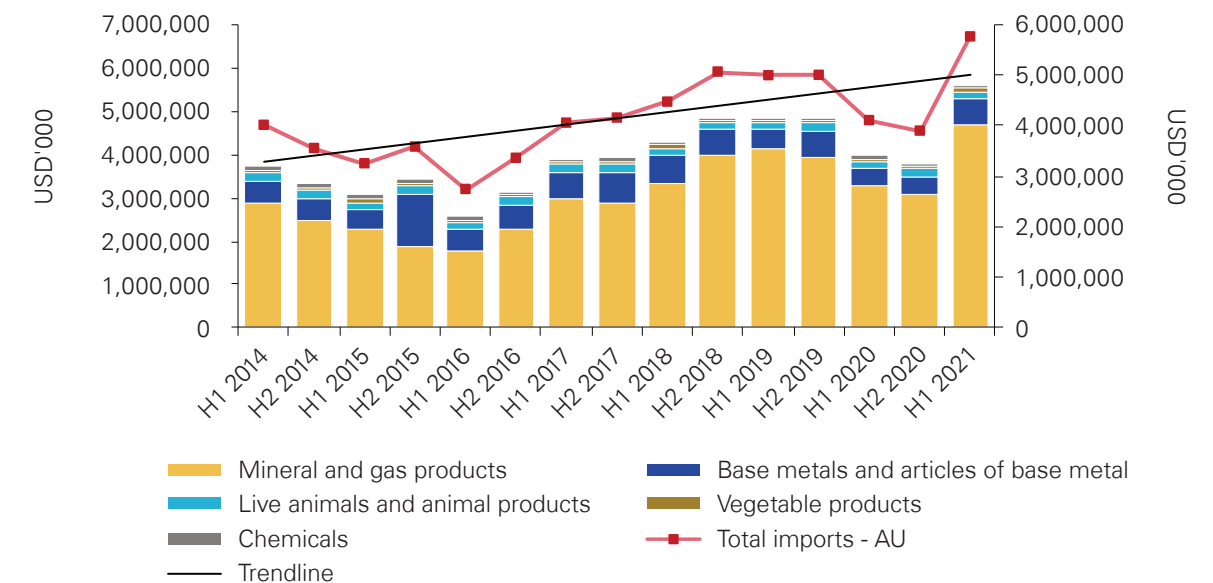
Source: Trade Statistics Database of Ministry of Finance Republic of China (Taiwan)

While we have seen a strong trend in growth for imports from Australia to Taiwan, primarily driven by natural resources, corresponding exports from Taiwan to Australia have remained fairly flat up until 2021.

Trade Relations Update

Australia and Taiwan

Major imports from Australia



Source: Trade Statistics Database of Ministry of Finance Republic of China (Taiwan)

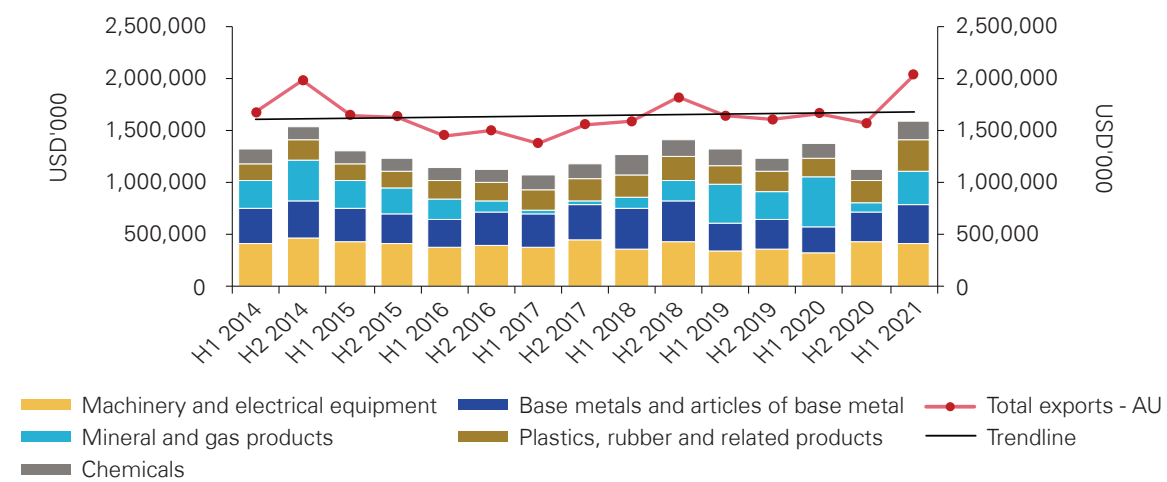
Imports from Australia decreased in 2020 largely driven by decrease in mineral and gas products, in particular coal and liquified natural gas (LNG). The Taiwan government's energy transition efforts from coal and nuclear power towards renewables and liquified natural gas led to lower coal import in 2020. The trend was further exacerbated by COVID-19 and shipping constraints in 2020.

Uptick in imports from Australia was propelled by increase in iron ore pricing due to global tightness in iron ore supply in 2021 as the world starts to recover from COVID-19, driving increase in total import dollar value.

Trade Relations Update

Australia and Taiwan

Major exports to Australia



Source: Trade Statistics Database, Ministry of Finance Republic of China (Taiwan)

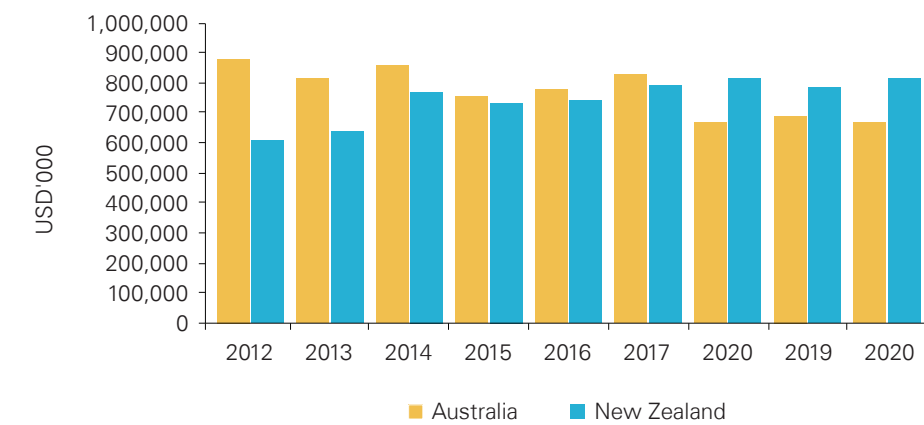
In the first half of 2021, exports from Taiwan to Australia increased mainly due to higher refined petroleum products (classified under mineral and gas products) demand in Australia as a result of lower domestic production. Further, as China reduced its exports in efforts to contain carbon emissions, Australia sourced more steel from Taiwan.

As highlighted earlier in this paper there remains a real opportunity for Australian agricultural products to grow their presence in the Taiwan market through the establishment of an Economic Cooperation Agreement or Taiwan's accession to the CPTPP. The impact of such an agreement is shown in the below table and the growth experience by New Zealand agricultural exporters following the establishment of the ANZTEC agreement in 2013.

Trade Relations Update

Australia and Taiwan

Agricultural imports from Australia and New Zealand



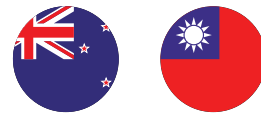
Source: Agricultural Statistic search, Council of Agriculture

Given the only modest growth we have seen in exports from Taiwan to Australia, there also appears to be a significant opportunity for Taiwan to increase two way trade with Australia, facilitated by the reduction in trade barriers and tariffs that would be incorporated into an ECA.



Trade Relations Update

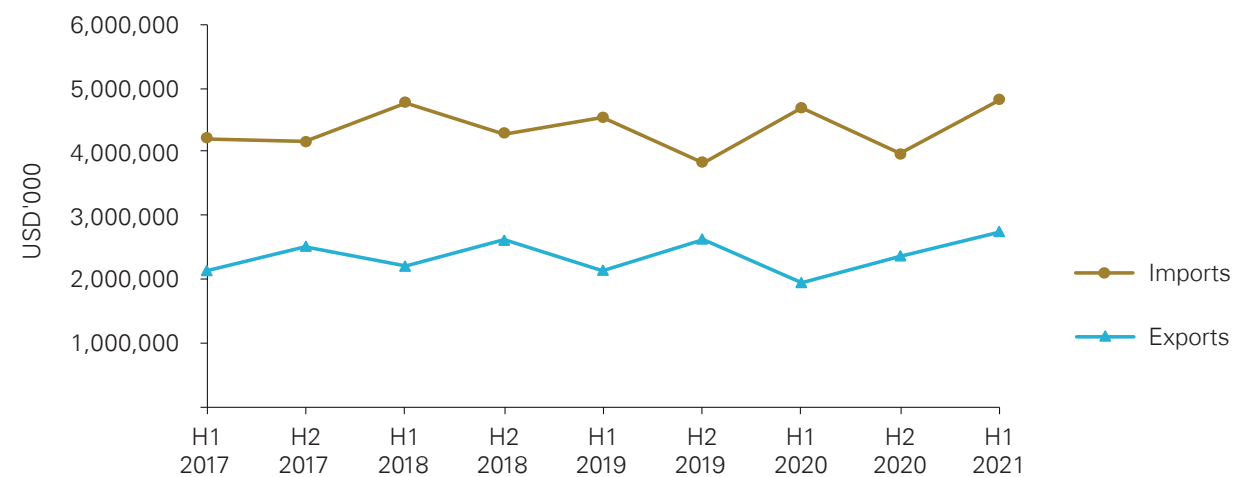
New Zealand and Taiwan



New Zealand and Taiwan have a dynamic economic and cultural relationship. As with Australia, New Zealand and Taiwan share a commitment to democracy, secure intellectual property rights and human rights. These shared values are the bedrock for increasing trade between the two, as companies look for certainty and assurance in their investments.

Trade between Taiwan and New Zealand was moderately impacted by COVID-19 in 2020, with trade decreased slightly by 1.3% to USD1.3 billion in 2020. Activities increased by 19% in H1'21 compared to H2'20. As at April 2021, Taiwan is the 7th largest export destination for New Zealand and the 16th largest source for imports. Top exports to Taiwan are butter, dairy, seafood and forest products. Top imports from Taiwan include industrial products (steel and plastic products), bicycles and such.

Trade between Taiwan and New Zealand

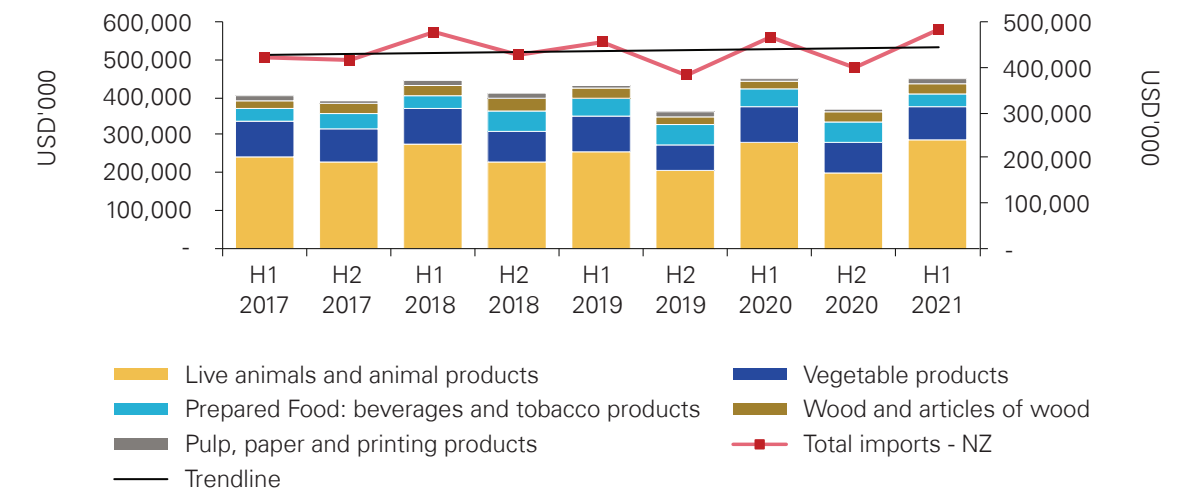


Source: Trade Statistics Database, Ministry of Finance Republic of China (Taiwan)

Trade Relations Update

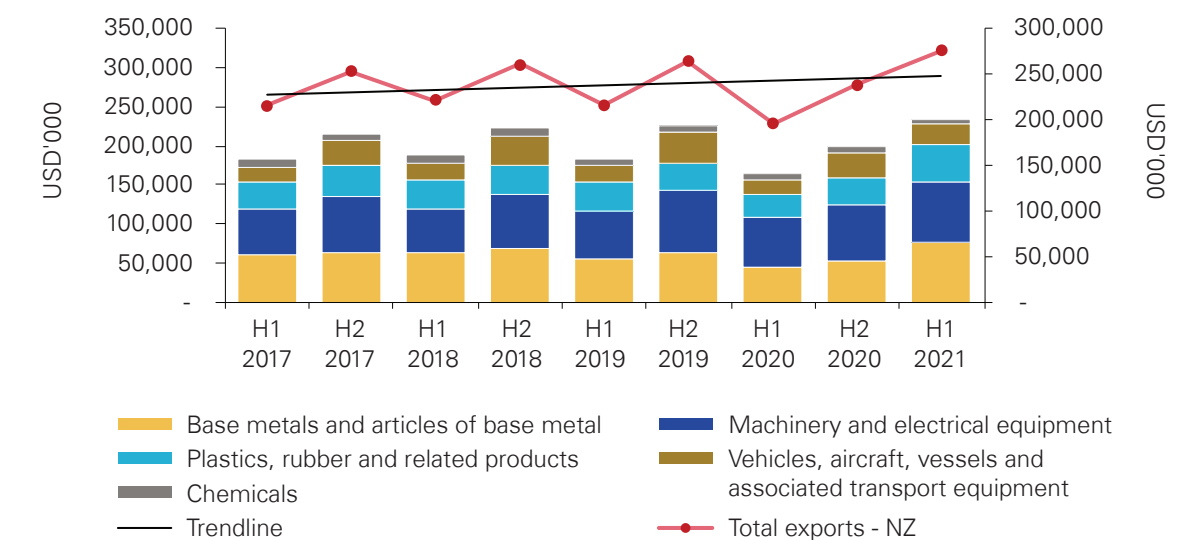
New Zealand and Taiwan

Major imports from New Zealand



Source: Trade Statistics Database, Ministry of Finance Republic of China (Taiwan)

Major exports to New Zealand



Source: Trade Statistics Database, Ministry of Finance Republic of China (Taiwan)

Trade Relations Update

New Zealand and Taiwan

The ANZTEC Free Trade Agreement between the Separate Customs Territory of Taiwan, Penghu, Kingmen, and Matsu and New Zealand continues to pay dividends, as preferential tariff rates spur trade. The agreement has encouraged investment and trade in areas such as merchandise, air services and entertainment co-production. Since January 2017, all Taiwan exports to New Zealand have become duty free. In 2020, approximately 99% of New Zealand exports to Taiwan are duty free, with the remaining to be progressively eliminated by 2025 (except certain rice products).

Further, Taiwan and New Zealand signed the Customs Mutual Recognition Arrangement (MRA) on December 18, 2020 with the aim to strengthen the security of the supply chain and facilitate trade between the two countries. Certified companies will be able to enjoy preferential customs clearance treatment and trade facilitation at the border.

As the region faces more considerable uncertainty and threats, Taiwan and New Zealand's strong relationship will continue to grow and strengthen.



Industry Specific Opportunities - Health and Wellness Committee

Implications in tariff classification of goods - “Capsule and Tablets” imported to Taiwan

Health and wellness are an important part of most Taiwanese daily routine. For many people, this includes using health support supplements. Focus on health and wellbeing has only been further enhanced in the current COVID-19 environment. Having access to reasonably priced, authentic and high-quality health support goods from Australia will ensure the health supplement industry remains competitive and giving people access to greater choice in managing their health.

Currently food preparations in capsule or tablet form imported from Australia are subject to a 30% tariff. This tariff puts Australian importers at a disadvantage when compared to peer markets that have substantially lower tariff barriers to enter Taiwan. The 30% tariff also compares unfavorably with general global tariffs imposed on health support goods, which are typically lower than 10%.

Recommendation

1. Taiwan and Australia to pursue a broad-based Economic Cooperation Agreement that includes health support supplements in capsule and tablet form.
2. Taiwan to consider the current tariffs on Food preparations in capsule or tablet form to ensure the tariffs imposed are globally competitive and deliver the best outcome for the Taiwanese public.

Appendix C includes greater detail on this specific issue along with comparisons to peer markets and suggested solutions.



Industry Specific Opportunities - Health and Wellness Committee

Increased Use of Local Plasma Derivatives

The COVID-19 crises has demonstrated the importance of secure local medical supply chains without reliance on foreign imports. Just as this is critical for items such as Personal Protective Equipment and Medical Devices like ventilators, the same urgent concern should be applied to blood and plasma products.

The World Health Organization advocates that countries establish policies of Blood and Plasma Products Self-Sufficiency. Such 'National Blood' provides antibodies more targeted to local diseases, allows rapid tracing in any mishap and mitigates the risk if foreign supplies are interrupted. Since 2007, the Taiwan Blood Services Foundation has commissioned ANZCham Taipei member CSL Behring Australia to manufacture blood preparations from local donors.

The Taiwan Executive Yuan in 2000 approved the "National Blood Self-Sufficiency" policy to ensure an adequate domestic supply of plasma preparations. However, government regulations only recommend priority for domestic blood preparations and there is no mandatory or punitive provision. Taiwan has a great natural asset in the world's highest voluntary blood donation rate of 7.5%, making possible the usage of blood plasma donated entirely by Taiwanese people.

The risk now for is that after having ensured local production of these critical products, their future viability is threatened by market forces as the cost is slightly higher than imports. Specifically, the market share of both Human Serum Albumin (HSA) and Human Immunoglobulin for Intravenous Use (IVIG) is small and declining.

Recommendation

Taiwan could follow WHO recommendations and examples from Australia, New Zealand and elsewhere to increase the use of local blood products. The outcome will be better resources for the treatment of diseases, greater national security from a self-sufficient supply chain and recognition for Taiwan's enthusiastic blood donors in knowing that their blood donations are fully utilised.

Appendix D includes proposals for government agencies to re-examine the current implementation of the "National Blood Priority" policy. Three options are proposed:

1. Central control and enforcement so that hospitals must use national plasma derived products.
2. When inventory is insufficient, the government opens the shortfall to tender for importing commercial plasma derived products.
3. Loosening current IVIG guidelines for clinical use in health care to maximise long term cost-effectiveness by taking earlier more effective action.

Industry Specific Opportunities - Food and Beverage Committee

Revision of the current restrictions allowing the sale of alcohol via online / e-commerce channel.

The e-commerce market in Taiwan has grown rapidly over the past few years. In 2018, the market size was USD38.92 billion with a five-year average growth rate of 7%¹. The closure of many on-premise establishments, combined with restrictions on physical shopping as well as worries about contracting COVID-19, have driven many consumers who would not consider using the online channel in normal times to try it for the first time.

In many other markets around the world, wine sales have grown exponentially in the e-commerce channel, far outperforming other FMCG products. Australia, with a population number very close to that of Taiwan, provides a good comparison of consumer engagement and retailer success stories.

Currently, in Taiwan, although e-commerce wine sales are prohibited by law, several operators are known to use Line and other electronic apps to sell alcoholic beverages 'online'. With a government review of current restrictions and approvals for the sale of alcohol through monitored platforms, regulations can be introduced to ensure the responsible purchase and delivery of wine to adult consumers.

International best practices provide sound solutions for all issues related to responsible promotion and ensuring the consumer is of legal age and consent. Following those examples will allow Taiwan to align its market with the global community and enable retailers to provide safe, innovative, and high-quality products for Taiwan's citizens to enjoy. As the volume of sales increases, more international wine producers will be attracted to the Taiwan market and elevate Taiwan's global wine ranking.

Recommendation

Review the current restrictions on the sale of wine through the e-Commerce channels and benchmarking global best practices.

Appendix E includes greater detail on this specific issue.

¹ Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan & eMarketer

Appendix A

ANZCham Taipei

The Australia and New Zealand Business Association (ANZBA) was formed in 1991 to represent Australians and New Zealanders doing business in Taiwan, and to complement other organisations promoting trade, investment, and general relations among the three nations.

In January 2005, ANZBA merged with the Australia New Zealand Social Group and later became the Australia and New Zealand Chamber of Commerce in Taipei (ANZCham) with the broad aim of promoting the interests of Australian and New Zealand businesses in Taiwan and acting as a bridge between business, government and the community.

2021 marks the 30 year anniversary that ANZCham has been serving the business community.

Chamber Objectives

ANZCham's overarching goal is to strengthen ties between Australia, New Zealand and Taiwan. This is achieved by:

- providing a mechanism for business networking and support for Australian and New Zealand businesses and business people in Taiwan;
- disseminating information which enhances Members' understanding of the commercial, legal and cultural aspects of conducting business and living in Taiwan;
- promoting business and cultural ties; and
- providing a social network for the wider Australian and New Zealand community.

Membership

ANZCham members include businesses of all sizes from Australia, New Zealand and Taiwan as well as international corporations with key personnel or business connections to Australia or New Zealand. The Chamber is primarily business led, but embraces groups or individuals with government, education and social links to New Zealand and Australia.

ANZCham collaborates with Australian and New Zealand representative offices to promote and encourage bilateral relations and trade.



ANZCham台北

Appendix

- A. ANZCham Taipei objectives / Membership
- B. 2021 Business survey results
- C. Implications in tariff classification of goods
- D. Local plasma derivatives recommendation technical rationale
- E. Revision of the current restrictions allowing the sale of alcohol via online / e-commerce channel

Appendix B

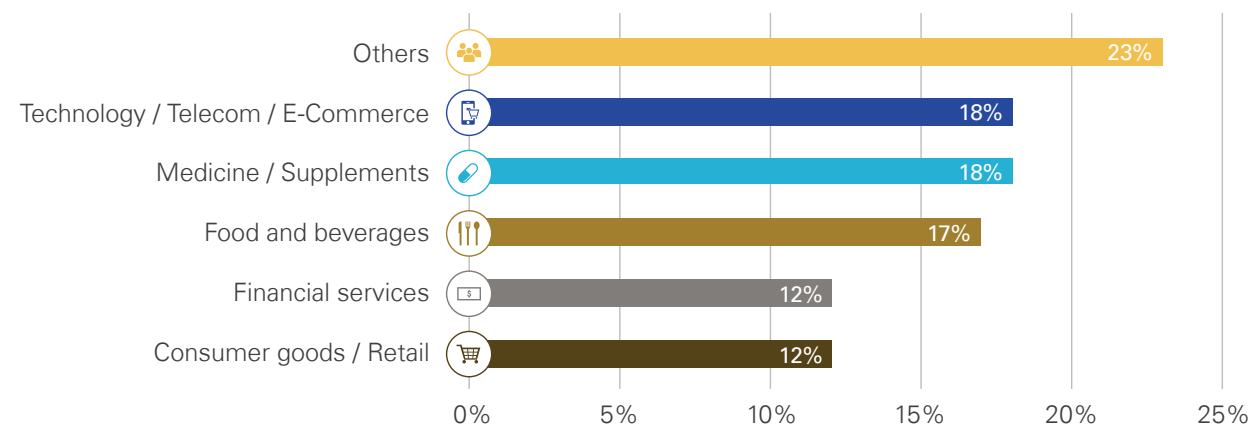
2021 Business Survey Results

This Discussion Paper was a joint effort by the Australia New Zealand Chamber of Commerce in Taipei (ANZCham Taipei), KPMG Taiwan and ANZCham Taipei members.

As part of this paper, a survey was sent to members. Responses were collected for over 70 questions on topics ranging from doing business in Taiwan, banking system and trade relations.

Respondents to the 2021 Business Survey represent various industries including medicine/supplements, food and beverage, etc. Of these businesses, a majority (88%) is headquartered overseas with legal presence in Taiwan.

Main industries respondents work in



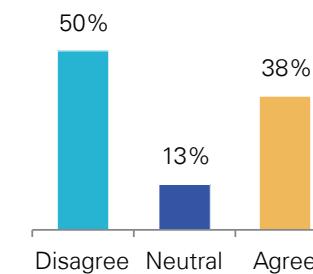
Appendix B

2021 Business Survey Results

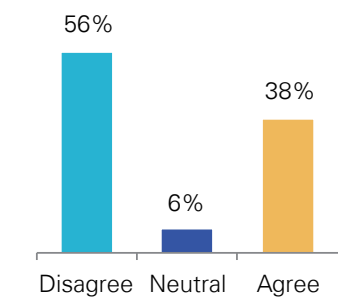
The following is a summary of responses highlighting some of the challenges faced by our respondents.

Doing business in Taiwan

It is easy for a foreign company / foreigner to run & operate business in Taiwan.



It is easy for a foreign company to enter the Taiwanese market.

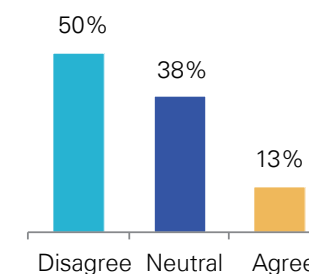


A larger portion of our respondents felt it was difficult to enter into the Taiwanese market and doing/operating businesses here. Many respondents encountered challenges with the banking system feeling information in English is not sufficient and current systems are not sufficiently digitised.

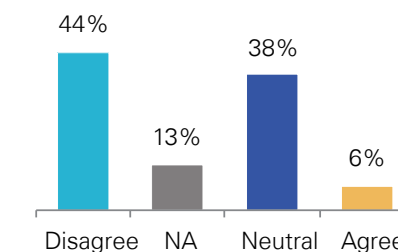
Others felt laws and regulations are not flexible enough or that information was insufficient or not clear enough.

Challenges faced

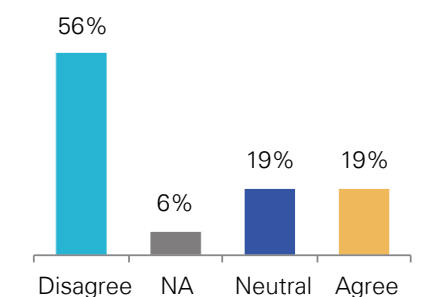
Regulations and requirements in Taiwan are flexible / not too prohibitive.



There is adequate information on Taiwan's free trade zones.



There is sufficient and clear information regarding regulatory changes in Taiwan.



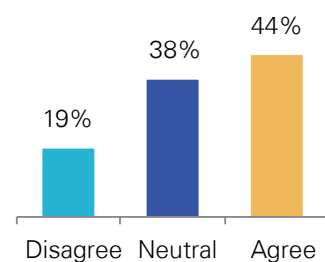
Appendix B

2021 Business Survey Results

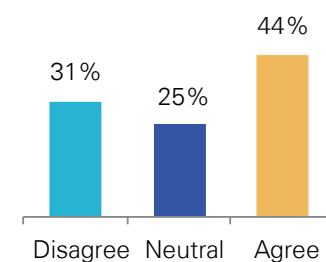
Despite the challenges faced, many respondents felt the Taiwanese government was receptive and supportive towards their business.

Government Resources

The government is supportive of my business.



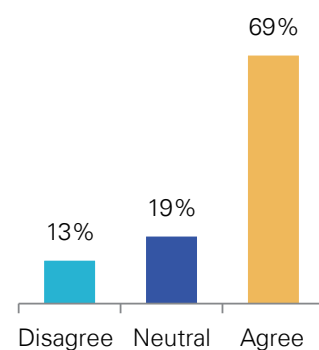
The Taiwanese government is receptive in hearing my company's issues.



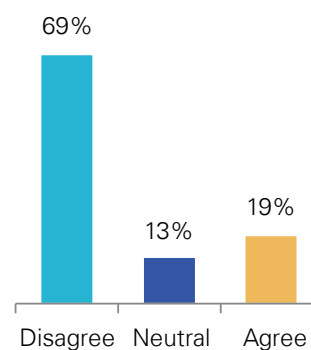
As foreigners living and working in Taiwan, many foreigners were able to integrate into the Taiwanese society. However, many felt language was an issue.

Personal challenges

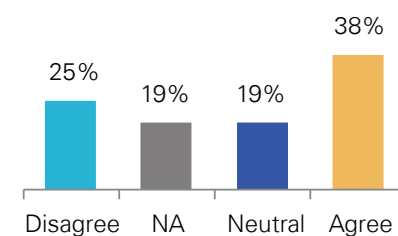
I believe it is easy for me / my family to integrate into the Taiwanese society.



I believe language is not an issue in Taiwan.



I believe it is easy for expat children to enter international schools in Taiwan.



Appendix C

Implications in tariff classification of goods

Our Goal

Enabling Taiwan consumers to have access to reasonable price, authentic and high-quality health support goods from Australia.

1. Based on the ROC imported Tariff No. 21069099/SC20/CD8 "Food preparations in capsule or tablet" Australia's tariff rate is applying to Column I -30%, however on column II there are Singapore 9% and New Zealand 3.8%. These are similar countries applying significantly lower tariff. Having three columns with specific different tariff is currently substantially causing trade barrier for capsule or tablet made in Australia to compete in the Taiwan's market. Currently, Blackmores has strong competition from Singapore and New Zealand companies because they have preferential tariffs under their respective BTAs.
2. Take New Zealand's tariffs for example: it will continue to decrease to 0% next year, this is great for New Zealand. However, it will disadvantage Blackmores competitiveness in Taiwan and our ability to grow and invest into the Taiwan market. A free trade agreement and associated investment agreement should be launched to provide Australian business greater certainty and potential to trade and investment activities in Taiwan.
3. The FTA or BTA between Taiwan-Australia will be based on both national economic interests and consistent with the overall strategic goals for the future. The ROC government has reiterated Taiwan's desire to be included in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and sign bilateral trade agreements with regional countries. It would be a brand new opportunity for Australia's Corp such as Blackmore. Former Australian Prime Minister Malcolm Turnbull also mentioned that it would benefit both end with an Australia-Taiwan free trade agreement and a huge success for pacific region if Taiwan shall join the CPTPP.
4. Generally, according to statistic global tariff on "health support goods" such as capsule and powder are normally lower than 10%. However, with no preferential tariffs, 30% tariff on "health support goods" made in Australia is obviously higher than average around the world.
5. This is the critical moment to show that Taiwan is willing to engage the structural changes to the global economy. Schedule of specific commitments on multilateral concession negotiations or bilateral agreement, we would like to urge to subscribe "capsule and tablets products" on the list for next round trade negotiations, for the tariff concession, thus to strengthen Taiwan- Australia relations as a significant trade and investment partners.

Appendix D

Local Plasma Derivatives Recommendation Technical Rationale

This paper has been prepared by ANZCham member CSL Behring Taiwan (CSL) to set out the risks of the current over-reliance on imported blood preparations and options for increasing the usage of Taiwan's national blood preparation.

These two years, the Taiwan government responded to the COVID-19 pandemic by promptly and proactively taking strict control of imported cases, centralising production and distribution of Personal Protective Equipment (PPE), accelerating the development and EUA for local COVID-19 vaccine, and effectively re-deployed medical resources. The success of these actions won praise from the international community. The COVID-19 crises also demonstrated the critical need for adequate local medical resources without relying on foreign imports.

This principle should be applied to blood and plasma products. The World Health Organisation (WHO) has been advocating since 1975 for countries to establish a policy of "Blood and Plasma Products Self-Sufficiency". "National Blood Preparations" not only provides antibodies more targeted to local diseases, but also allows rapid tracing of the source in case of any mishap. Crucially, it also mitigates the risk of domestic shortages if foreign supplies are interrupted.

Taiwan's blood supply for domestic medical use has been fully self-sufficient since 1991, but plasma derived products still relied completely on foreign suppliers. The Executive Yuan therefore in 2001 approved the "National Blood Self-sufficiency" policy to ensure an adequate domestic supply of plasma derived products and promote domestic biotechnology development. Since 2007, the Taiwan Blood Services Foundation (TBSF) has commissioned CSL to manufacture plasma derived products after separating the plasma from blood collected from local voluntary unpaid donors. So far, four plasma derived products have been produced for the TBSF: Human Serum Albumin (Albumin), Human Immunoglobulin for Intravenous Use (IVIG), High Purity Factor VIII and High Purity Factor IX. The risk for Taiwan is that after having ensured local production of these critical products, their future viability is now threatened by market forces.

Article 9 of the Blood Preparations Regulations (2005, amended 2019) stipulates that: "priority shall be given to the use of blood preparations made from donated blood in Taiwan..... Preparations from other raw materials, methods or genetic engineering, to respect the patient's wishes, shall not be subject to the restrictions in the preceding article....." The article only recommends that priority be given to blood preparations from domestic blood donors and there is no mandatory or punitive provision. Over the years, the production scale of national plasma derived products has been relatively small, the cost slightly higher, and market competitiveness not as strong as imported plasma

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Local Plasma Derivatives Recommendation Technical Rationale

derived products. In recent years, with the exception of High Purity Factor VIII and High Purity Factor IX, the TBSF has kept strategic production only for a very limited number of hemophilia patients who mostly have transferred to DNA-recombinant products, resulting in most inventory expiring and finally being destroyed. The market share of TBSF's IVIG is decreasing year by year, and the market share of TBSF's Albumin is only about 5%. Most hospitals purchase imported commercial Albumin as their main source. Based on the current level of plasma available for albumin production by the TBSF the market share should increase to 12%.

Taiwan can learn from the successful experience of Australia, New Zealand, Singapore, Malaysia and Hong Kong in implementing policies of "National Blood Self-sufficiency". The challenge is how to make best use of the valuable medical resources of blood plasma donated by Taiwanese people to improve the utilisation rate of plasma derived products and reduce the strategic risk of over-reliance on imported products.

Below are three proposals:

1. The Taiwan Ministry of Health and Welfare (MOHW) exercises central control and enforces the "National Blood Self-Sufficiency Policy" so that hospitals in future must use national plasma derived products.
2. When national plasma derived products inventory is insufficient, then the government would open the shortfall to tender for importing commercial plasma derived products.
3. Loosening current IVIG guidelines for clinical use in health care to maximise the long-term cost-effectiveness of IVIG usage by taking earlier, more efficient action.

Option 1

The MOHW exercises central control and enforces the "National Blood Self-Sufficiency Policy" so that hospitals in future must use national plasma derived products

As explained above, Article 9 of the Blood Preparations Regulations only recommends that priority be given to use plasma products derived from domestic blood donors and there is no mandatory or punitive provision. With free competition, the original legislative intent of the "National Blood Self-Sufficiency" policy has been gradually lost.

Appendix D

Local Plasma Derivatives Recommendation Technical Rationale

Proposal 1-1

The Department of Medical Affairs (DMA), of the MOHW should establish an incentive scheme for hospitals to support national health policy and give priority to the use of national plasma derived products, and encourage hospitals to prioritise the procurement of TBSF IVIG and Albumin and include these in the list of essential drugs. During the annual hospital accreditation, the DMA will give appropriate recognition and reward to hospitals that use TBSF plasma derived products.

Proposal 1-2

The National Health Insurance Administration (NHIA), of the MOHW issues a letter to National Health Insurance (NHI) contracted hospitals in support of the National Health Policy on Blood Self-Sufficiency, stating hospitals should list TBSF IVIG and Albumin as essential items, not subject to the mandatory 'one in/one out' rules for approved medicine alternatives.

Proposal 1-3

The NHIA of the MOHW issues a letter to NHI contracted hospitals stating that when hospitals apply to the NHIA for health insurance payments for IVIG and Albumin, they will be required to attach proof of priority purchase of national plasma derived products (e.g. Purchase Ratios for TBSF plasma derived products: IVIG > 80%; Albumin >15%.)

Option 2

When national plasma derived products inventory is insufficient, the government would open the shortfall to tender for importing commercial plasma derived products.

Option 1 is a short-term, expedient proposal. Option 2 is the ultimate goal for the successful implementation of the "National Blood Self-sufficiency" policy. The MOHW can draw on the successful experience of Australia and other countries. At present, most countries are facing problems of insufficient blood donation or quality of blood collection, so plasma derived products rely on imports. However, Taiwan has the world's highest voluntary unpaid blood donation rate (7.5%), not only bringing sufficient blood to the blood bank, but also making possible the full usage of blood plasma donated entirely by Taiwanese people. TBSF can provide sufficient and safe plasma derived products for all patients in Taiwan.

Appendix D

Local Plasma Derivatives Recommendation Technical Rationale

Proposal 2-1

IVIG and Albumin derived from national plasma would be purchased by the government and distributed to local hospitals. This approach, like the current national procurement policy for vaccines, would ensure all hospitals have adequate, safe and stable supplies of national plasma derived products.

Proposal 2-2

If the supply of national plasma derived products is insufficient, the government would open tenders for purchase of commercial plasma derived products from other manufacturers. We consider it very important for manufacturers, governments or medical institutions to establish a long-term procurement system. If the procurement system only considers short-term benefits, then hospitals naturally will make short-sighted decisions based on their own interests. In the long run, promoting "National Blood Self-sufficiency" is a policy that can reduce the cost of public health care, as government procurement, rather than individual hospitals, purchase from spot markets, thus avoiding high price volatility or temporary under-supply.

Option 3

Loosening current IVIG guidelines for clinical use in health care to maximise the long-term cost-effectiveness of IVIG usage by taking earlier, more effective action.

Immunoglobulin is widely used in Europe and the United States, where more and more reimbursed indications have been approved by health insurance organisations. However, the average use per thousand population in Taiwan is only 11.3g per year (2019/09 IMS). Compared with China 20g, Japan 35.8g, Hong Kong 44g, Australia 185.4g and the United States 209.6g (2015), we lag far behind. The primary reason is that Taiwan's IVIG health insurance guidelines are too strict. Additionally, usage norms (such as articles 1 and 6) are unclear, and the conditions of use are very limited. As a result, many clinicians have failed to utilise IVIG according to clinical needs. Based on Taiwan's current blood collection capacity, more IVIG could be produced (at least 30g/1000 population) to help more patients who require IVIG.

Appendix D

Local Plasma Derivatives Recommendation Technical Rationale

Proposal 3-1

It is proposed that the National Health Insurance Administration follow the successful experience from other countries (e.g. Australia), to only regulate the indications when IVIG can be used, and the appropriate time to use either national plasma derived products or other commercial options while easing restrictions on conditions of use.

Proposal 3-2

Ease the regulations for using IVIG for certain unapproved indications. If necessary, based on empirical experience and detailed specific needs, clinicians will be able to grant NHI access to IVIG to help more patients recover earlier.

Australia's success in promoting a blood self-sufficiency policy has resulted in world-leading health and well-being of its population. From initiating policies and building systems to sustaining operations, the Australian Government has always played a key role. The policy is supported by tripartite cooperation between the Australian government, Red Cross and manufacturer CSL Behring. Taiwan and Australia are similar on population number, with advanced medical technology and a high-quality health insurance system. There is a great opportunity for Taiwan to follow this example and implement a more comprehensive "National Blood Self-sufficiency" policy to benefit Taiwanese people's medical needs.

The Taiwan Blood Service Foundation has been working with CSL since 2007 to commission toll plasma derived products. However, due to the low utilisation rate within hospitals, the quantity of plasma pooled is only a fraction of what is potentially available to the TBSF. Plasma from voluntary unpaid donors is an extremely valuable medical resource, yet to be fully exploited.

TBSF and CSL continue to work to improve the quality and safety of national plasma derived products. It is proposed that government agencies (Ministry of Health and Welfare, Department of Medical Affairs, National Health Insurance Administration) re-examine the current implementation of the "National Blood Self-sufficiency" policy, and the reasons for the decline in the utilisation rate and market share of national plasma derived products. The ideas in this White Paper offer solutions. We trust that the outcome will be better protection and resources for the treatment of diseases, greater national security from a self-sufficient supply chain and recognition for Taiwan's enthusiastic blood donors in knowing that their blood donations are fully utilised.

Appendix E

Revision of the current restrictions allowing the sale of alcohol via online / e-commerce channel.

The e-commerce market in Taiwan has grown rapidly over the past few years. In 2018, the market size was USD38.92 billion with a five-year average growth rate of 7%¹.

In 2019, Taiwan had the highest proportion of e-commerce shoppers in Asia at 65.2%, with the average online consumer spending around USD866 in 2018².

The combination of advancing handheld technology, more sophisticated, well-funded and user-friendly delivery apps, and a growing habit for using the internet to buy everything from clothes to food, had already cemented e-commerce as the hot route to market by the beginning of 2020 – and, over the past 18 months, with Covid-19 social distancing measures and consumers avoiding supermarket crowds, instead opting for e-commerce convenience, grocery has joined the long list of goods regularly purchased online and delivered to homes.

One product that has not benefitted from the trend towards e-commerce growth in Taiwan is wine.

The closure of many on-premise establishments, combined with restrictions on physical shopping as well as worries about contracting COVID-19, have driven many consumers who would not consider using the online channel in normal times to try it for the first time.

In many other markets around the world, wine sales have grown exponentially in the e-commerce channel. Far outperforming other FMCG products.

Australia, with a population number very close to that of Taiwan, provides a good comparison of consumer engagement and retailer success stories.

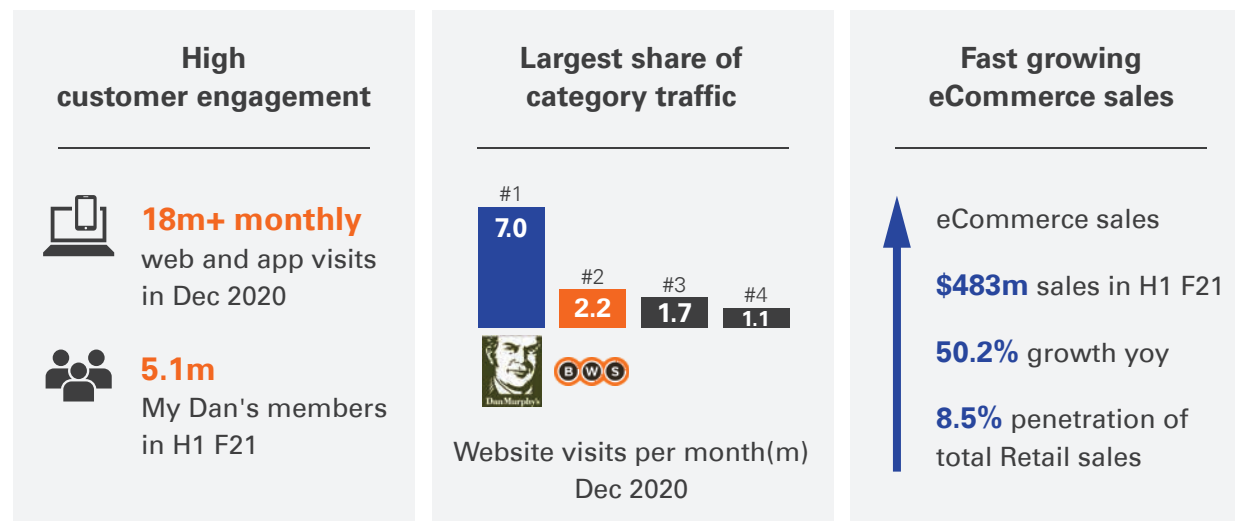
Endeavor Group is one of Australia's largest retail operators. Last year their retail store network grew by 17.5%. The sales of alcoholic beverages through their drinks platform grew by 50.2% during the same period. Resulting in higher revenue across the business.

¹ Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan & eMarketer

² Source: Market Intelligence and Consulting Institute

Appendix E

Revision of the current restrictions allowing the sale of alcohol via online / e-commerce channel.



(figures presented are in USD)
Source: SimilarWeb

This has benefitted all sectors of the supply chain. Consumers are able to purchase their favorite adult beverages in a convenient environment while remaining safely at home. Retailers are seeing their e-commerce sales value increased due to higher spend per visit by shoppers who purchase wines with their usual grocery shopping. The importers who operate their own e-commerce platforms are able to maintain their revenue and staff numbers, with the e-commerce channel replacing the lost sales to on-premise venues due to Covid-19 closures. Finally, wine producers around the world are seeing the e-commerce channel as the fastest growing RTM globally in FY21.

As the appetite for online shopping grows, retailers need to be able to provide consumers with a full shopping basket to round out their strategy for gaining loyal shoppers.

So too, the food home delivery venues are seeing an increase in their revenues, with the ability to sell wine along with home delivered meals.

With a population of over 23 million, Taiwan is amongst the top wine-consuming markets in Asia. Wine imports into Taiwan continue to increase year-on-year. One of the factors driving growth is the rise of more young urban dwellers and white collar workers enjoying wines and attending wine classes to gain greater wine knowledge.

Appendix E

Revision of the current restrictions allowing the sale of alcohol via online / e-commerce channel.

Relaxing current restrictions on the sales of wines and opening of the e-commerce channel would attract more international wineries to explore doing business in the growing wine market of Taiwan. An open and accessible market is guaranteed to attract more participants, providing Taiwanese consumers with more diverse wine choices and competitive pricing.

Currently, in Taiwan, although e-commerce wine sales are prohibited by law, several operators are known to use Line and other electronic apps to sell alcoholic beverages 'online'. With a government review of current restrictions and approvals for the sale of alcohol through monitored platforms, regulations can be introduced to ensure the responsible purchase and delivery of wine to adult consumers.

International best practices provide sound solutions for all issues related to responsible promotion and ensuring the consumer is of legal age and consent. Following those examples will allow Taiwan to align its market with the global community and enable retailers to provide safe, innovative, and high-quality products for Taiwan's citizens to enjoy.

We urge the government to review the current restrictions on the sale of wine through the e-Commerce channels and allow Taiwanese consumers to join other wine lovers from around the world in purchasing their favorite beverages through this growing platform. As the volume of sales increases, more international wine producers will be attracted to the Taiwan market and elevate Taiwan's global wine ranking.



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ANZCham台北

Australia New Zealand Chamber of Commerce in Taipei

E director@anzcham.org.tw

P +886 (02) 2722 0067

