



ANZCham
TAIPEI

ANZCham Taipei 2022 Discussion Paper



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Letter from the Chairman

This year marks the end of the global pandemic. Australia, New Zealand and Taiwan have fully opened up to the world and our economies have already begun to benefit from increased goodwill and negotiated trade and investment through resumed business travel.

The Chamber witnessed an increasingly warm relationships between Australia, New Zealand, and Taiwan. In the past year, bilateral trade and investment between our three economies reached record highs with unprecedented year on year growth.

We are very proud to release our third annual ANZCham Discussion Paper to continue championing greater economic cooperation between our three economies and highlighting areas for improvements and collaborations. In particular, we continue to welcome and support Taiwan's participation in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

This is also a significant year for the chamber as the number of our corporate members has increased by 25% since the beginning of the year. We also officially established three new industry committees: the Energy Committee, Food & Beverage Committee, and Health & Wellness Committee as we continue to grow and evolve to better serve the community.

More importantly, I would like to express my sincere gratitude to the Chamber's members and sponsors for their continued support and contribution to strengthening our community and our bilateral relations. Especially our Platinum members: ANZ Bank and Macquarie; Gold members: Blackmores; Silver members: KPMG, Manildra, and Zespri.

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

Finally, it is with great honour that I serve ANZCham as Chairman of the Board during this critical moment of our bilateral relationships. I 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

In the past three decades, ANZCham has continued to transform and progress to better serve and represent the community as the leading association for Australian and New Zealand businesses in Taiwan. The ANZCham Discussion Paper was launched three years ago as a framework to facilitate direct communication between our members and the policymakers in Taipei, Canberra, and Wellington.

As business and people-to-people connection have long been the foundation of the relationships between our three countries, we hope this publication could serve as a medium to address broad business themes and opportunities to further strengthen our partnerships. Moreover, it aims to identify specific challenges faced by our members and propose potential solutions.

In this issue, we reaffirm our position to welcome and advocate for Taiwan's accession into CPTPP and begin the negotiation of a bilateral Australia-Taiwan Economic Cooperation Agreement (ECA) concurrently. In addition to the existing topics on Food & Beverage and Health & Wellness sectors, this year's paper also expands to include topics concerning the energy sector, as Australia and New Zealand are Taiwan's largest energy suppliers.

On the Taiwan side, I want to convey our appreciation to the National Development Council (NDC) for serving as a coordinator to continue facilitating the discussions proposed in our Paper last year. We look forward to continuing working closely with the relevant ministries and agencies to stimulate free and open discussions and solutions on how to make Taiwan a more attractive trade and investment destination and drive our bilateral relationships forward.

Lastly, I would like to thank all members who have contributed your voice to further the discussion on how to improve our business environment, raise the profile of the Australia-New Zealand-Taiwan business communities, and deepen our mutual relationship. Most importantly, I would like to express the Chamber's sincere gratitude to KPMG Deal Advisory Limited for partnering with us to help put together this year's Discussion Paper.



Glenn Lio
Executive Director
Australia New Zealand Chamber of Commerce in Taipei

Executive Summary

This is the third publication of the discussion paper by the Australia New Zealand Chamber of Commerce in Taipei. In the latter half of 2021 and first half of 2022, we have seen a significant growth in bilateral trade and investment between Taiwan, Australia, and New Zealand as we continue to move forward from the pandemic. In this paper, we summarised Taiwan's key economic indicators and trade between Taiwan and its key partners, as well as an update on trade between Taiwan, Australia, and New Zealand.

In the previous papers, our members from the Health & Wellness and Food & Beverage Committees have expressed some of the challenges faced by their businesses and provided recommendations to the Taiwan government. These were submitted to the NDC following the launch of the 2021 paper. The NDC together with officials from different government departments, members of the Chamber, and the Australian Office in Taipei met this year to exchange views. Summary of the issues raised and NDC responses are included in this year's paper. Whilst the meeting was a valuable one and certainly opened the doors for future ongoing communications, certain issues previously raised by members remain unresolved. Additional pieces were submitted by members in our Energy and Business committees this year to highlight concerns by our members.

Furthermore, our members have also expressed their views through a business survey on topics ranging from doing business in Taiwan, labour and employment to government policy and resources.

The Taiwan government has done an exemplary job in the past two years in protecting people living in Taiwan against COVID, and ensuring the economy stayed afloat. However, as countries around the world are loosening travel restrictions at a faster

rate than Taiwan, this is posing difficulties for local businesses. Members expressed concerns that foreign investors were unwilling to visit given the quarantine requirements, and difficulties in getting foreign talents into Taiwan. The recent removal of quarantine requirements for visitors to Taiwan is a big step in opening up borders. However, there was and still is a lack of a clear policy roadmap from the Taiwan government in dealing with COVID, compared to other parts of the world, particularly the formulation of clear, easy-to-follow and practical policies to support businesses and individuals.

There may be a possibility that COVID will be around indefinitely. Government in the three countries need to enter into discussions on how to cooperate together in the long-term and establish a new normalcy. Having policies that are aligned is critical to ensure the trilateral economies thrive.

Health and wellbeing have become ever increasingly important, particularly during current times. 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, online wine sales has been effectively regulated to provide consumer and convenience while avoiding social harm. 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 behaviour. Providing Taiwan’s wine drinking community with a legal means to purchase online will bring Taiwan closer to international norms and stimulate further growth of Taiwan’s online economy.

Taiwan should be praised for its leadership in its energy policy and creating a domestic economy around renewable energy. Taiwan also maintains one of the most transparent price-making mechanism for the renewable industry to transmit actual cost of energy delivery to the regulator to update prices as required prices on an annual basis. However, with the current auction process, the increasing costs of procuring and delivering energy are not reflected in the offtake pricing. It is recommended that Taiwan ensure changes to cost of delivering energy (as a result of local and global factors) can be properly reflected in the offtake pricing and that any caps of prices are removed to allow competitive market forces determine the clearing price.

Geothermal power generation is another focus area for energy generation in Taiwan. While surveying the resource and drilling to confirm commercial viability of the fields are needed, regulatory framework should be established to protect individual ownership rights for geothermal fields owned by multiple owners,

and implementation of a quota system (or something similar) for fluid extraction to avoid overextraction that puts the field’s viability at risk.

The availability of skilled local labour, reasonable labour costs and stable currency are all benefits and attractive factors for doing business in Taiwan. Even so, there are several issues hindering further establishment, growth and efficiency of foreign-owned businesses in Taiwan. These include insufficient number of international schools compared to other countries in the region and long lead times for setting up business entities and bank accounts. Combined lead time is approximately 5-6 months, compared to a few days or weeks in developed countries. Measures should be put in place (or barriers removed) to fully make Taiwan an attractive place for investment and doing business.

Taiwan had a strong economy in 2021, with GDP growth north of 6%, backed by strong demand for semiconductors and other export commodities and successful measures in containing the virus outbreak locally. Growth for 2022 is expected to taper off - GDP is forecasted to be lower than 4% amid global inflation driven by various factors including war in Ukraine, crude oil prices, increased shipping costs, coupled with surge of COVID cases, all of which are dampening consumer demand at home and abroad.

As the world seeks to recover and formulate a way for coexistence with the volatilities experienced in the past year, measures need to be taken to allow people and businesses to live and flourish in this new world. More important than ever, Taiwan, Australia and New Zealand need to proactively work together to learn from each other and strengthen our ties.

Message to Canberra



The Chamber witnessed an increasingly warm relationship between Australia and Taiwan. In particular, Australian businesses have expanded their trade and investment in Taiwan. More than 2,300 Australian companies trade with Taiwan, one of the highest levels for any market. Two-way trade between January and August this year is up 83% year on year—at a record high. Thus, making Taiwan Australia’s fifth-largest export market.

Australia has Free Trade Agreements with 9 of its top 10 global trade partners. It has now also signed the Regional Comprehensive Economic Partnership Agreement (RCEP) and trade agreements with India and the UK, covering major trading partners across the region.

Taiwan has a proven track record as a reliable trading partner. As the House Joint Standing Committee on Foreign Affairs, Defence and Trade concluded in February this year, Taiwan’s accession to the CPTPP and Australia-Taiwan ECA will provide the opportunity for our businesses to further

diversify their global supply chain and distribution, just like the significant benefits ANZTEC has delivered.

COVID and recent geopolitical developments have made it clearer than ever that diversification is essential for Australia and all countries for supply chain resilience, long-term growth, and security. We believe it is now time to complete that top 10 with the inclusion of a bilateral agreement with Taiwan. A well-planned and executed ECA will drive significant value to both Taiwan and Australia.

Australian agriculture and supplement products face significant tariffs to enter the Taiwan market. Although these goods are in high demand in Taiwan, trade barriers make it more economically viable to source from other countries. New Zealand for one has seen strong growth since the signing of the ANZTEC agreement in 2013. Benefitting from the success of the agreement, 99.6% of New Zealand goods to Taiwan enjoy zero tariffs as of last year.

Message to Wellington

ANZCham commends the New Zealand Government for the execution of the ANZTEC agreement which provides a comprehensive foundation for the relationship between New Zealand and Taiwan and has been beneficial to our members and the community.

Contributing to the success of ANZTEC, New Zealand exports to Taiwan are up 27 percent year on year, and Taiwan's exports to New Zealand are up 47 percent – the highest level ever. 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.

As we will soon celebrate the 10th anniversary of the signing of ANZTEC, it is important that further development and promotion around the ANZTEC agreements continue and more opportunities are continued to be explored within that framework, such as digital trade, geothermal

investment, and regulation synchronisation for agriculture and supplement products.

Taiwan is among the world's top 20 trading economies and a key player in shipping. It is also pivotal to high-tech supply chains. These highlight the values Taiwan has to offer to our complimentary economies and regional prosperity. Taiwan's membership into the CPTPP would be mutually beneficial, as we both share a common commitment to a transparent, rule-based, multilateral international trade order.

Both New Zealand and Taiwan continue to play an important role in the Pacific and share common roots with the Pacific. There is an opportunity and great mutual interest for New Zealand, Taiwan, and other countries in the region to collaborate on development initiatives in the Pacific. There could also be opportunities to create attractive investment opportunities by consolidating projects across neighboring markets.



Message to Taipei

Two-way trade and investments between Taiwan, Australia and New Zealand have seen record growth during the past three years despite the pandemic. We are glad and grateful to see that the Taiwanese government included Australia and New Zealand in the first wave of countries for visa-free entry in early September.

We also thank you for the continued support of the international community in Taiwan and the steps in the right direction toward making Taiwan a more internationally inclusive place. 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 and an increasing number of Australian and New Zealand

companies are considering entering the Taiwan market. We strongly support replicating the success of the ANZTEC agreement by commencing discussions with Australia for an ECA.

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

Taiwan, Australia, and New Zealand have a robust partnership built on education and youth exchange. We could further partner up to collaborate on English language training, vocational education and training, and science exchange programs to develop the diverse, highly skilled, and global workforce who would be the driving force for our future industries.





2021 Discussion Paper issues

In the previous Discussion Paper publications, our members have raised several issues and challenges faced by their companies in Taiwan. The relevant Ministries have provided written responses and a meeting was held in September this year amongst Chamber members, NDC and various Ministries to discuss the issues raised by Chamber members.

Below is a summary of the issues raised in last year's paper and the Taiwan Government's responses.

Review of 2021 Discussion Paper issues and recommendations

Issue: Tariff classification of capsule and tablets imported to Taiwan

Description & recommendation:

- Under current classification, tariff for health supplement capsules and tablets is significantly higher (at 30%) than rates for imports from other countries.
- Taiwan and Australia to pursue a broad-based ECA to include health support supplements in capsule and tablet form.
- Taiwan to consider imposing rates that are globally competitive.

Government response:

- Current tariff rate is applicable to World Trade Organisation member states. Rates cannot be reduced for a single member state.
- Taiwan is appreciative that the Australian parliament has provided its support for Taiwan to join the CPTPP. The Taiwan government looks forward to working with the Chamber to advocate for signing a bilateral or multilateral free trade agreement between Taiwan and Australia.

Issue: Use of local plasma derivatives

Description & recommendation:

- There is currently no mandatory or punitive provision for the use of domestic plasma preparations. Thus, plasma derived products are currently derived from foreign suppliers.
- Taiwan could follow WHO recommendations and examples from other countries, such as enforcement over use, tender for imports when there is an inventory shortfall in national plasma derived products, purchase of TBSF IVIG and albumin by the Government for distribution to local hospitals.

Government response:

- Taiwan promotes the use of national blood preparations. Suggestion was made to TBSF in 2021 to increase national blood preparation competitive advantage or to evaluate the inclusion as a national strategic material.
- The Ministry of Health and Welfare cannot restrict institutions to use specific products, and it is focused on moving towards simplifying hospital evaluations to focus on quality of treatment and patient safety.
- Current market for blood preparations is stable and it has not been necessary for the Government to intervene with the procurement and distribution of national plasma derivatives.

Issue: Sale of alcohol via online/e-commerce channels

Description & recommendation:

- This is currently prohibited by law, though sales have been made by several operators. Recommendation is for review of current restrictions and benchmarking global best practices, to loosen restrictions and allow for purchase of alcohol online.

Government response:

- Effective age identification remains difficult. In 2016 the Ministry of Finance submitted an application to the Legislative Yuan to open up channels for alcohol sales but was met with resistance. Alcohol consumption amongst minors in Taiwan is also on the rise. Until minors can effectively be prevented from purchasing alcohol online, the current law will not be revised. The Taiwan government is receptive to learning about mechanisms to prevent online alcohol sales to minors from other countries, including Australia and New Zealand.
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Trade Relations Update

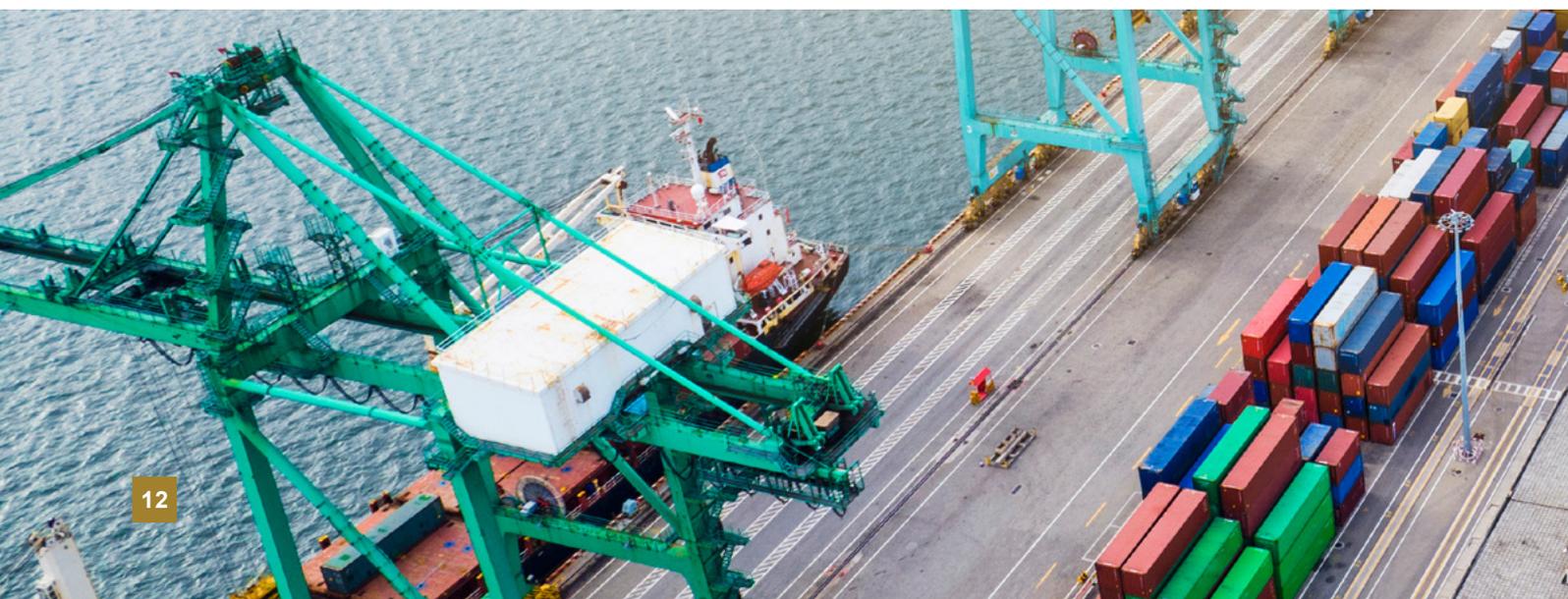
Table below presents a snapshot of the Taiwan economy:

Taiwan's economic indicators				
Category	Indicators	2020	2021	2022
Economy	Economic growth rate	3.36%	6.57%	3.11% (H1)
	GDP (USD billion)	669.3	774.9	386.8 (H1)
	GDP per capita (USD thousand)	28.4	33.0	16.6 (H1)
Inflation	Consumer price index growth rate	(0.23%)	1.96%	3.13% (H1)
Production	Industrial production growth rate	7.00%	12.92%	6.02% (Q1)
Consumption	Private consumption growth rate	(2.53%)	(0.31%)	1.66% (H1)
Investment	Fixed capital formation growth rate	5.91%	15.40%	5.82% (Q1)
Trade	Imports growth rate	0.2%	33.3%	24.8% (H1)
	Exports growth rate	4.9%	29.3%	19.2% (H1)
Labour	Unemployment rate	3.85%	3.95%	3.74% (Jun)
Tourism	Inbound travel growth rate	(88.39%)	(89.80%)	81.20% (H1)
	Outbound travel growth rate	(86.34%)	(84.59%)	56.53% (H1)

Sources: Directorate-General of Budget, Accounting and Statistics, Executive Yuan and Ministry of Transportation and Communications

Taiwan's overall economy performance shows an upward trend from 2020 to 2021 while consumption and tourism were negatively affected by the pandemic. Both have rebounded in 2022 as measures over the pandemic eased. Rising costs as a result of supply chain constraints drove prices higher, leading to higher inflation in H1'22. Investment growth rate seen was mainly driven by increase in capital expenditure in the semiconductor and offshore wind power industries.

2022 GDP forecast has been revised downward a few times amid concerns over rising inflation, US Federal reserve, monetary policy tightening, disruption to the global supply chain caused by the pandemic and Russia-Ukraine war.

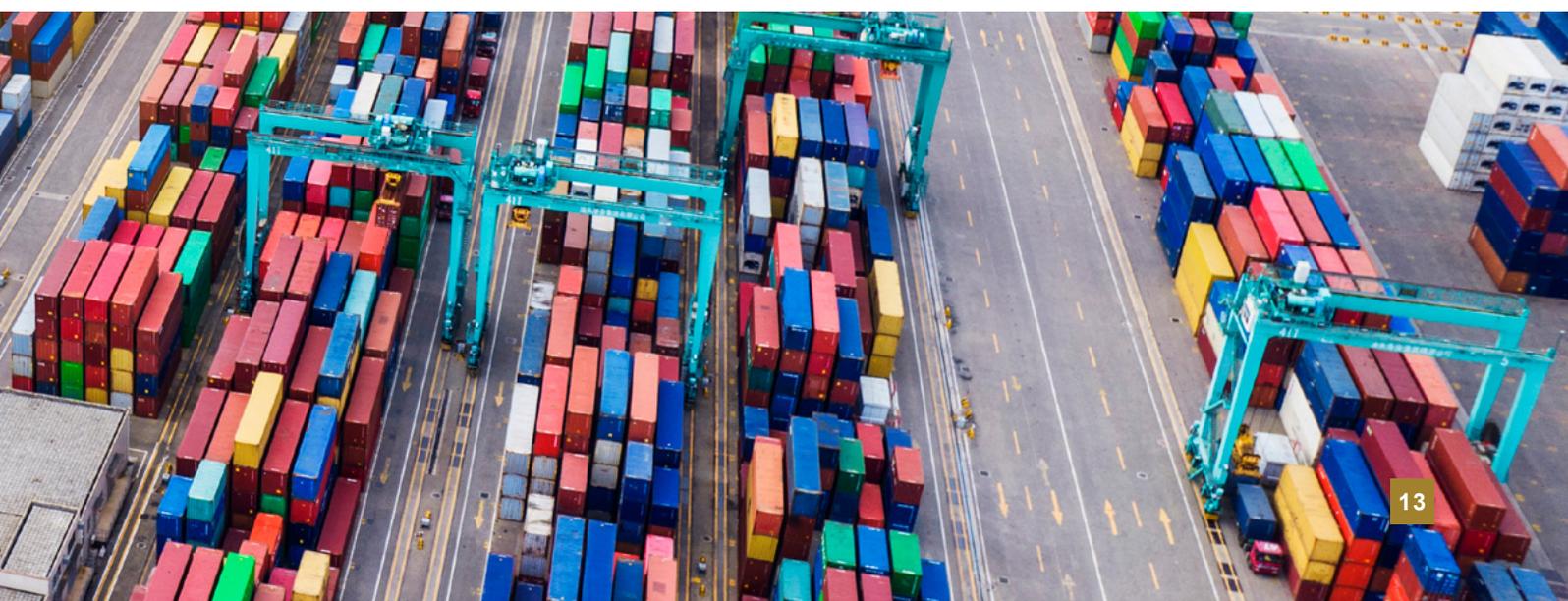


Trade Partners

Taiwan and Australia were each other's top ten trade partners in 2021. Taiwan was New Zealand's 7th biggest export destination and 16th import source in 2021. Bilateral trade between Taiwan to each of Australia and New Zealand has increased in recent years. In the table below, we present trade between Taiwan and Australia and New Zealand, and Taiwan's four largest trading partners as comparatives. Bilateral trade has rebounded as the negative impact of the pandemic gradually dissipates. The growth rates have outperformed the four largest trading countries in recent years.

Historical trade								
USD billion	2019		2020		2021		Jan-Jun 2022*	
	Amount	Growth	Amount	Growth	Amount	Growth	Amount	Growth
China (including Hong Kong)	190.6	(1.31%)	216.2	13.44%	273.1	26.30%	142.3	11.27%
USA	81.1	11.71%	83.1	2.42%	104.8	26.20%	60.6	25.56%
EU (including UK)	66.3	0.67%	64.9	(2.05%)	85.8	32.06%	46.3	18.73%
Japan	67.3	0.57%	69.3	2.92%	85.3	23.11%	45.3	12.46%
Australia	13.3	2.37%	11.3	(14.80%)	19.6	73.31%	14.7	85.53%
New Zealand	1.3	(5.34%)	1.3	(1.33%)	1.6	26.44%	1.0	34.45%

Note*: Compared to same period in the previous year
Source: Ministry of Finance



Trade Relations Update

Australia and Taiwan

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

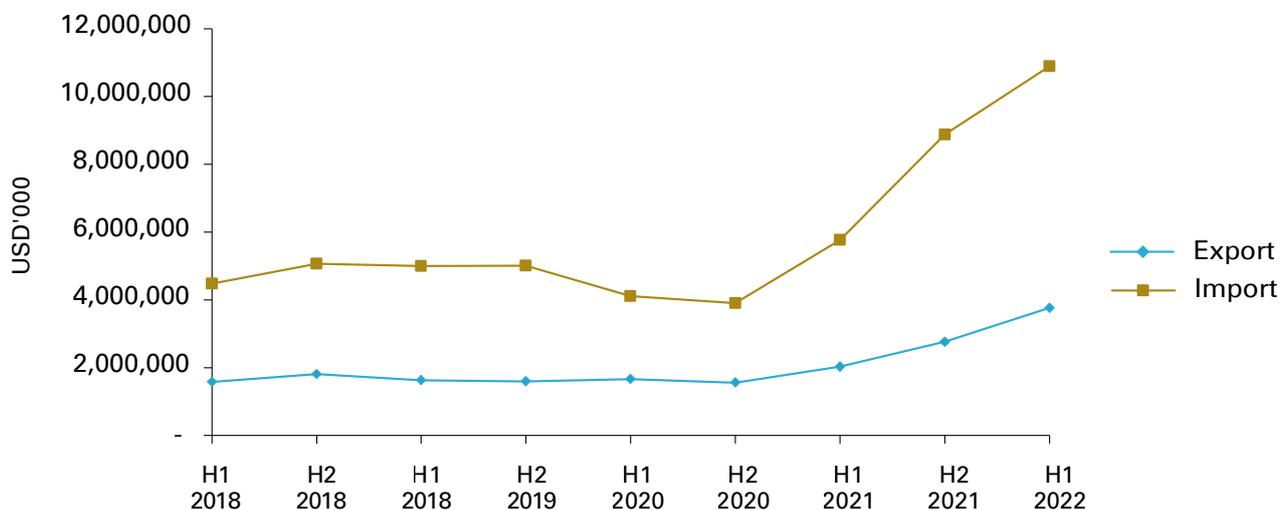
While trade between Taiwan and Australia decreased in 2020, activities have picked up significantly since 2021 as the world recovers from COVID-19. Following the growth in 2021, imports from Australia to Taiwan in H1'22 saw a significant increase of 89% from the last period last year, to a total value of USD10.9 billion. Similarly, exports from Taiwan to Australia also increased by 86% in H1'22 compared to H1'21.

While exports from Taiwan to Australia has increased, overall growth remains modest. There appears to be a significant opportunity for Taiwan to increase two way trade with Australia, facilitated by the reduction in trade barriers and tariffs, and mutual recognition of standards that would be incorporated into an ECA.

Australia's wealth of natural resources and Taiwan's hi-tech industries are naturally synergetic. Taiwan's top exports to Australia include mineral and gas products, machinery and electrical equipment, and base metal, 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.



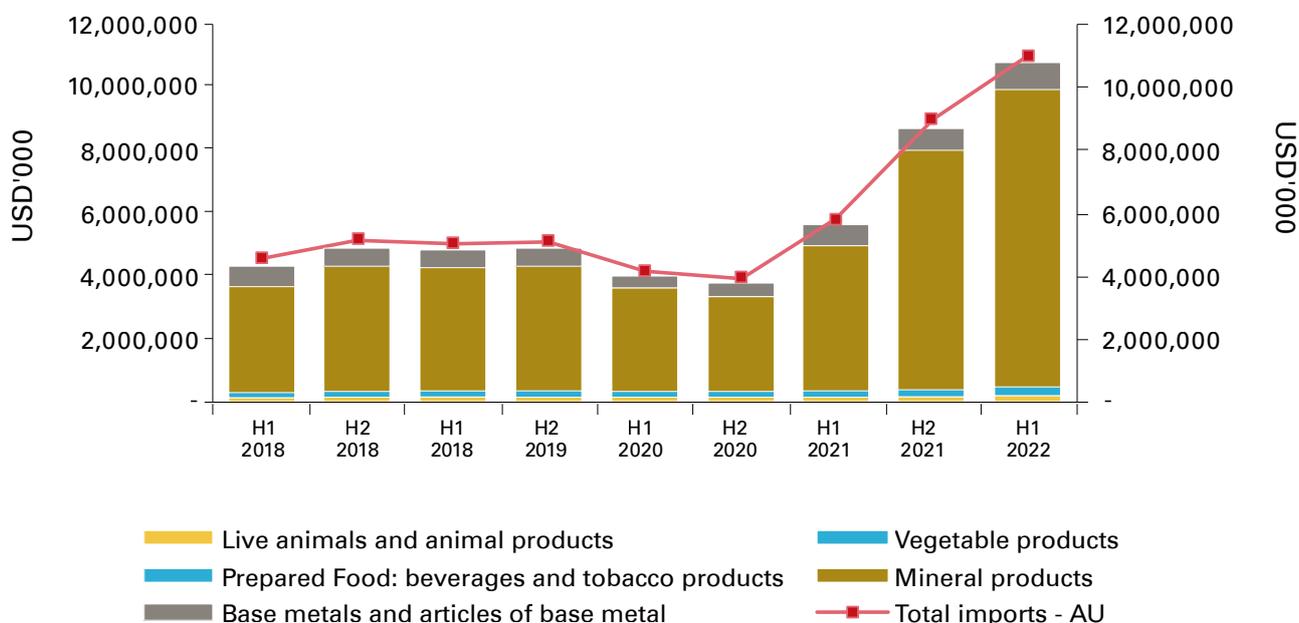
Trade between Taiwan and Australia



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

Imports from Australia have shown a continuous increase from the latter half of 2020, primarily driven by natural resources. Exports to Australia have also increased but at a lower rate.

Major imports from Australia



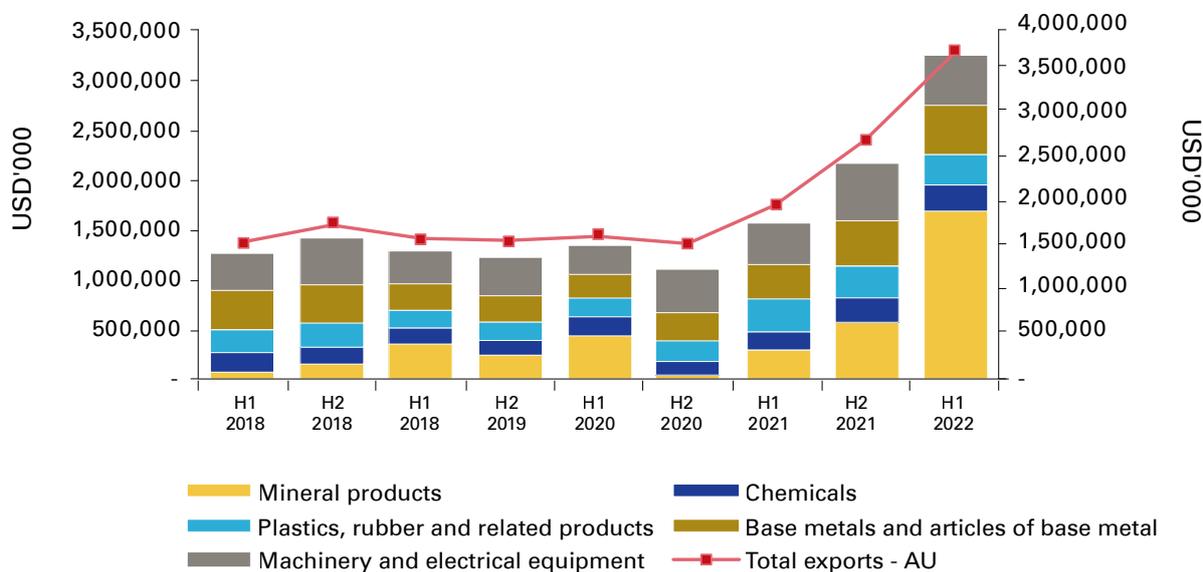
Source: Trade Statistics Database, Ministry of Finance Republic of China (Taiwan)

Import of mineral products make up the largest group of imports from Australia, driving overall trend. Growth in industrial production in the last year have led to increased use of coal and liquified natural gas (LNG).

Trade Relations Update

Australia and Taiwan

Exports to Australia

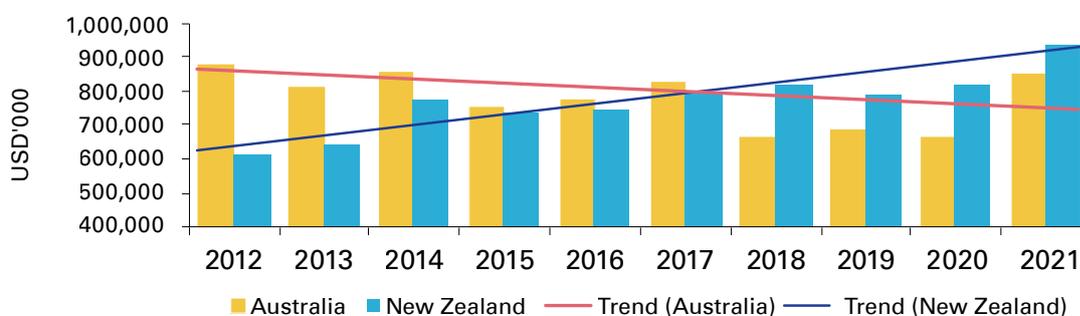


Source: Trade Statistics Database, Ministry of Finance Republic of China (Taiwan)

In 2021, increased export of refined petroleum products (classified under mineral and gas products) demand due to recovery of industrial activities. Further, 2021 saw the closure of one of Australia’s refineries, meaning the loss of half of the country’s refining capacity, and moving the country closer to complete reliance on oil product imports.

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 ECA 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.

Agricultural imports from Australia and New Zealand



Source: Agricultural Statistic search, Council of Agriculture

Due to ANZTEC Free Trade Agreement between Taiwan and New Zealand, agricultural import from New Zealand shows an upward trend while import from Australia decreased over the period.

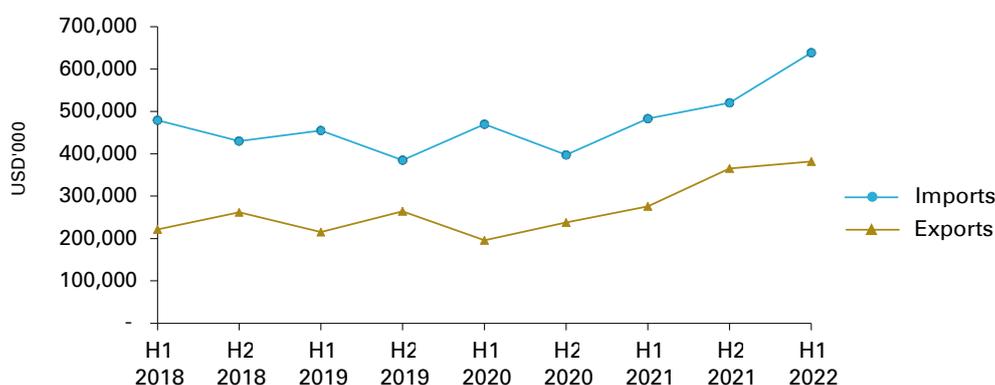
Trade Relations Update

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.

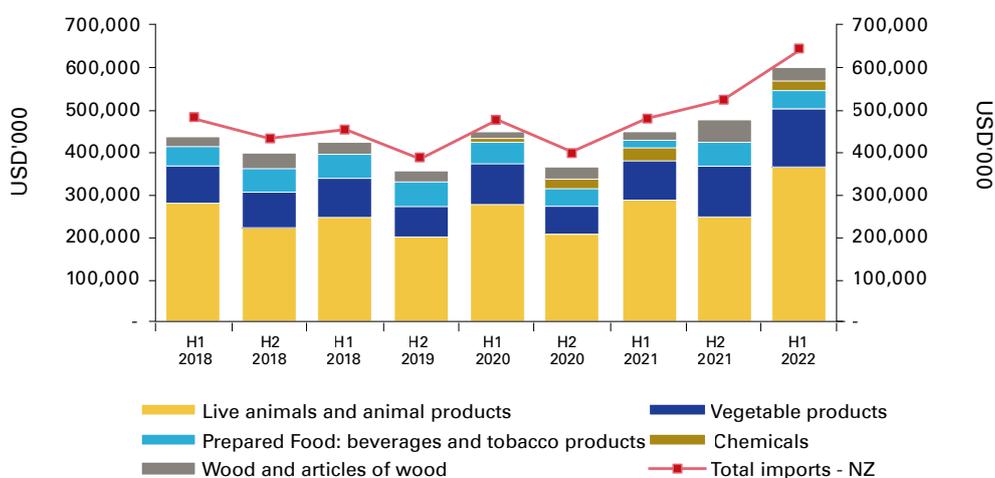
Trade between Taiwan and New Zealand has improved since the COVID-19 outbreak in 2020. Trade increased by 26.4% to USD1.6 billion in 2021, and activities increased by 15.13% in H1'22 compared to H2'21. Top exports to Taiwan are dairy, seafood and forest products. Top imports from Taiwan include base metal, machinery and electrical equipment and plastics and related products. In H1'22, there was an increase in refined petroleum (classified as mineral products) export.

Trade between Taiwan and New Zealand



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

Major imports from New Zealand



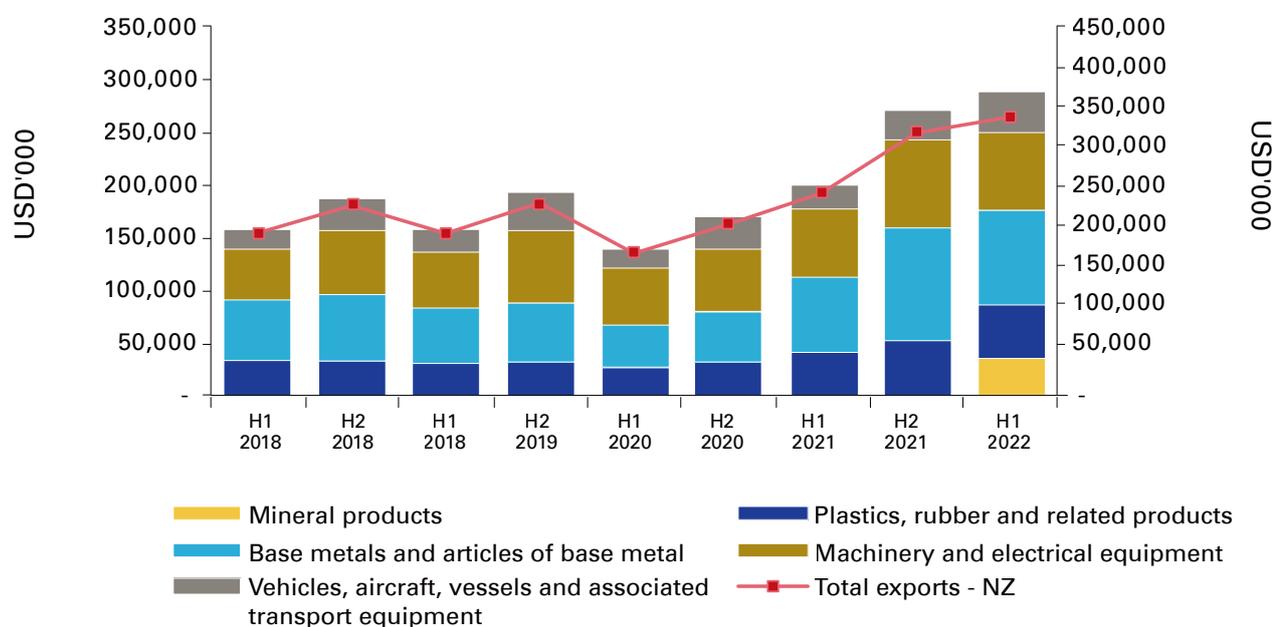
Source: Trade Statistics Database, Ministry of Finance Republic of China (Taiwan)

Increase of import from New Zealand in the last year was mainly driven by increase in of animal products and vegetables driven by increase in demand and prices.

Trade Relations Update

New Zealand and Taiwan

Major exports to New Zealand



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

In H2'21, an increase in export of base metal was driven by higher demand of steel for infrastructure project in New Zealand as the pandemic started to ease. Also, lower steel capacity (due to China limiting steel output) during the pandemic caused the global steel price surge. Refined petroleum (classified as mineral products) export increased in H1'22 as New Zealand's only refinery shut down in April 2022.

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. Since January 2017, all Taiwan exports to New Zealand have become duty free. 99.6% 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 18 December 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.

Industry Specific Opportunities

Health and Wellness Committee

Increased Use of Local Plasma Derivatives

The COVID-19 crises have 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 Organisation 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 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 C 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 D includes greater detail on this specific issue.

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

Industry Specific Opportunities

Energy Committee

Implications on Taiwan's energy price due to global events, increasing inflation and interest rates and challenges in the supply chain.

Over the past decade, the energy sector has benefitted from cost reduction trend in technology and supply costs which lead to lower cost of energy.

However, the impact of COVID-19 significantly impacted prices for raw materials, transport costs and labour costs. In Taiwan's energy sector, feedback from the market demonstrated that the renewable energy market has been impacted which has resulted in increasing costs for projects and/or delays in completely existing projects or starting new projects.

Since the beginning of 2020, the price of PV-grade polysilicon has more than quadrupled, and the cost of raw materials such as steel, copper and aluminum has increased between 50% - 100%. In addition, transportation costs have increased almost sixfold. The combination of increases in raw material costs and transportation costs in a globally integrated supply chain has reversed the long-term trend of decreasing costs for wind farm and solar PV projects. In the past two years, the cost of delivering wind and solar PV power has increased 10-25% depending on country and region, erasing years of cost reductions prior to 2020 resulting from technology improvements. Similar, global disruptive events such as the Russia-Ukraine conflict has resulted in historically high gas prices as Russia seeks to limit the export of its gas through to the rest of Europe and globally.

Taiwan has to be commended for its leadership in its energy policy to date, in particular driving renewable energy and creating a domestic economy around this. Further, the offtake for the particular technology is still FIT-based, such as some solar projects, Taiwan maintains one of the most transparent mechanism for industry to engage with regulators to transmit actual cost of delivery of energy for the regulator to update prices as required on an annual basis. Where the offtake price is set by a competitive reverse auction basis, this should allow bidders to properly reflect actual supply and delivery cost whilst the competitive nature of the process ensures no over-profit. It is recommended that Taiwan ensure that the cost of delivering energy as a result of local and global factors are properly reflected in the offtake pricing and that any caps of prices are removed to allow competitive market forces determine the clearing price.

Recommendation

That the cost of procuring and delivering energy in Taiwan is properly acknowledged and reflected in the pricing underpinning offtake agreements for the purchase of that power and the resetting mechanism for FIT each year. When there is a cap on pricing and price is determined through a competitive process, that such cap be removed in order to allow market participants to determine the market price of delivery of energy.

Industry Specific Opportunities

Energy Committee

Consideration of a fluid offtake quota system to facilitate the development of commercial sized geothermal projects in Taiwan.

Taiwan has an aspiration to generate 200MW (1,300MWh) of geothermal power generation by 2025. Whilst there are immediate apparent abundant geothermal resources given the geology of Taiwan, much investment is required to fully survey these resources and drill to confirm they are commercially viable for providing offsetting heat generation or direct electricity generation.

Much of this effort is now progressing at pace with assisting recent amendments to the Renewable Energy Development Act, pilot projects underway and mapping drilling needs to accelerate development, there is still some uncertainty surrounding geothermal field resource management that could affect supporting funding of private sector investment in projects.

Geothermal fields must maintain a certain level of heat and pressure or enthalpy whilst fluid from the field is extracted to support heating or power generation. This can be managed by not extracting more than the field can naturally support including re-injecting fluid.

Concern rises when one field has multiple private owners extracting fluid, where no single owner controls the total level of extraction putting at risk the viability of the field long term. This leads to an untenable situation for an investor and particularly a financier with lower risk appetite preventing lower cost funding of projects.

Therein, regulation ensuring maximum fluid extraction per annum for an owner (quota system) where a field is owned by more than one owner would provide more certainty the field will not lose enthalpy and therein support long term investment and financing. Note for fields owned by a single owner, it is in their interest to maintain the field enthalpy at their own risk negating any need for regulatory oversight to protect their ownership rights in this respect.

Recommendation

Further consider the regulatory framework to protect individual ownership rights in regards to geothermal fields owned by multiple owners and the fluid extraction thereof through possible implementation of a quota system or similar. For example, can the Government adopt a similar approach to the offshore wind sector where the Government undertakes initially technical feasibility assessment on sites and then public announces sites for development to the public, thereby de-risking some of that front end development risk and also ensuring no overlap of ownership that could affect the fields.

Industry Specific Opportunities

Business Committee

Consideration of measures to improve the ease of doing business in Taiwan.

For foreign-owned companies, doing business in Taiwan offers several benefits. The availability of skilled local labour is good, labour costs are reasonable and the currency is stable. Taiwan has a reputation of being open to foreigners, tolerant of diversity and offers a good geographical base for doing business in East Asia. It also strikes a balance between culture, safety and comfort that helps foreign businesses convince their skilled personnel to move and make Taiwan their home.

Despite the above, there are several issues that are hindering the establishment, growth and efficiency of foreign-owned businesses in Taiwan, in particular smaller businesses. Some issues include:

- **Lack of international school places** – Taiwan has a relatively low number of international schools compared to other countries in the region. The schools are typically full with long waiting lists – it can be difficult to attract international skilled workers purely for the reason that their children cannot secure placement in schools.
- **Long lead times for setting up business entities and bank accounts** – By international standards, Taiwan has a slow and costly process for setting up business entities, particularly when the parent entity is foreign owned, or owners are foreigners. Many banks will not support foreign-owned entities, or offer banking platforms in English. In Taiwan the lead time for a foreign owned company to set up an entity and bank account is in the order of 5 to 6 months, compared to a few days or perhaps weeks in developed countries. Paid-in capital amounts are also relatively high – in Taiwan it can be several million NT dollars for a branch entity, compared to zero dollars in several developed countries.

There are many reasons for international companies to operate in Taiwan – to support business investment it is recommended that barriers are removed and measures put in place that make Taiwan an easy place to do business.

Recommendations

1. Review and ensure sufficient English speaking / international schooling options to ensure that skilled workers are able to move their families to Taiwan.
2. Review and diagnose administrative and banking processes that are resulting in the lack of banking options and long lead times for foreign companies setting up entities in Taiwan.



ANZCham
TAIPEI

Appendix

- A. ANZCham Taipei Objectives / Membership
- B. 2022 Business Survey Results
- C. Local Plasma Derivatives Recommendation Technical Rationale
- D. Revision of the current restrictions allowing the sale of alcohol via online / e-commerce channel

Appendix A

ANZCham Taipei Objectives/Membership

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 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.

Last year marks the 30 year anniversary that ANZCham has been serving the business community. Today, ANZCham serve as a platform and representative body of the greater Australian-New Zealand-Taiwanese business community and continues to promote the business and people-to-people relations between the three countries through advocacy, business events, and community outreach.

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;
- representing and advocating for the Australian-New Zealand-Taiwanese business community and its collective interest;
- 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.

Appendix B

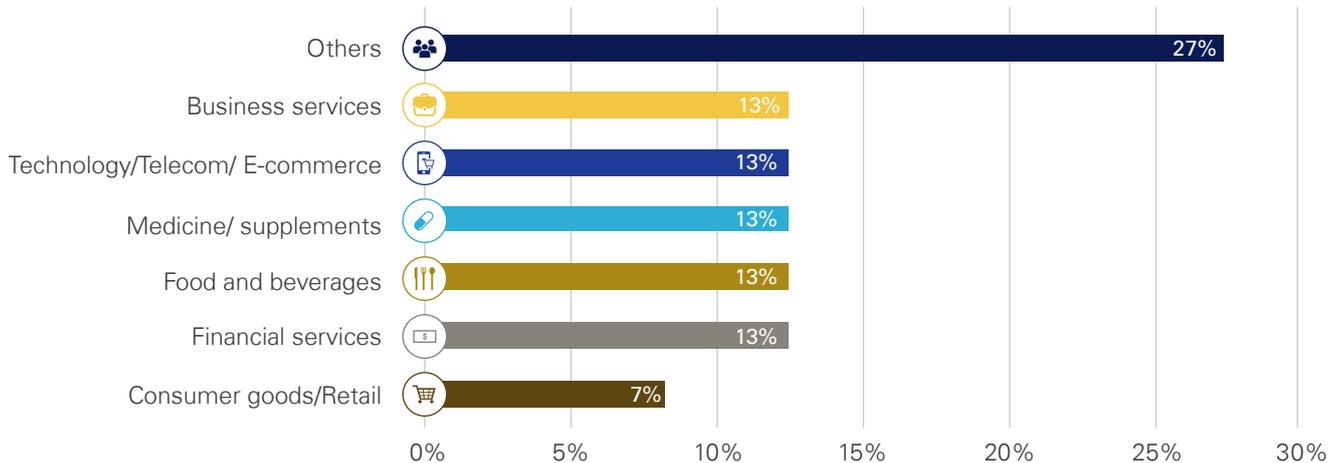
2022 Business Survey Results

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.

A survey was sent to members consisting of approximately 40 questions on topics in three broad categories - doing business in Taiwan, risks and opportunities and personal challenges for expats in Taiwan.

Respondents to the 2022 Business Survey represent various industries ranging from technology to education and training.

Industries respondents work in

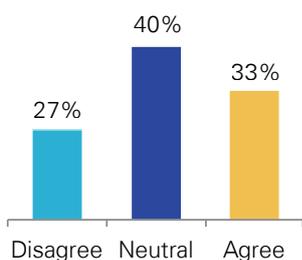


The following is a summary of responses for each of the three topics areas.

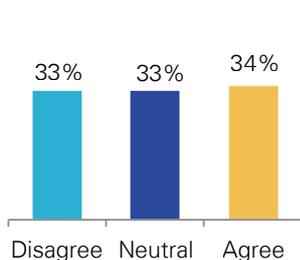
Doing business in Taiwan

On average, respondents this year were fairly neutral in their views toward doing business in Taiwan.

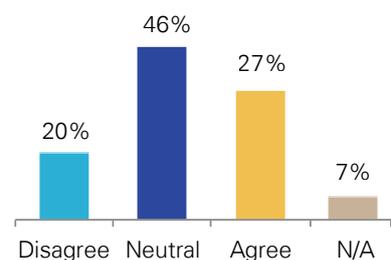
It is easy for a foreign company to enter the Taiwanese market.



It is easy to operate business in Taiwan.



It is easy to trade across borders to/from Taiwan.



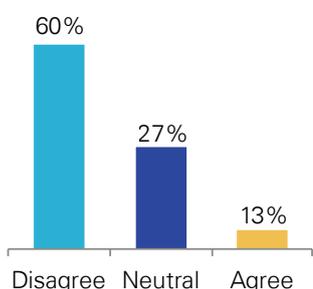
Appendix B

2022 Business Survey Results

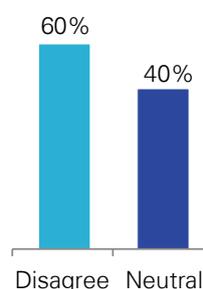
Labour and employment conditions in Taiwan were viewed favourably by the members – such as talent attraction, flexible labour laws and visa applications. Respondents also feel confident in the local economic conditions.

Challenges faced include the banking system (such as obtaining credit, online banking), time required for company registration and government resources.

I believe the Taiwanese government online portals are easy to use



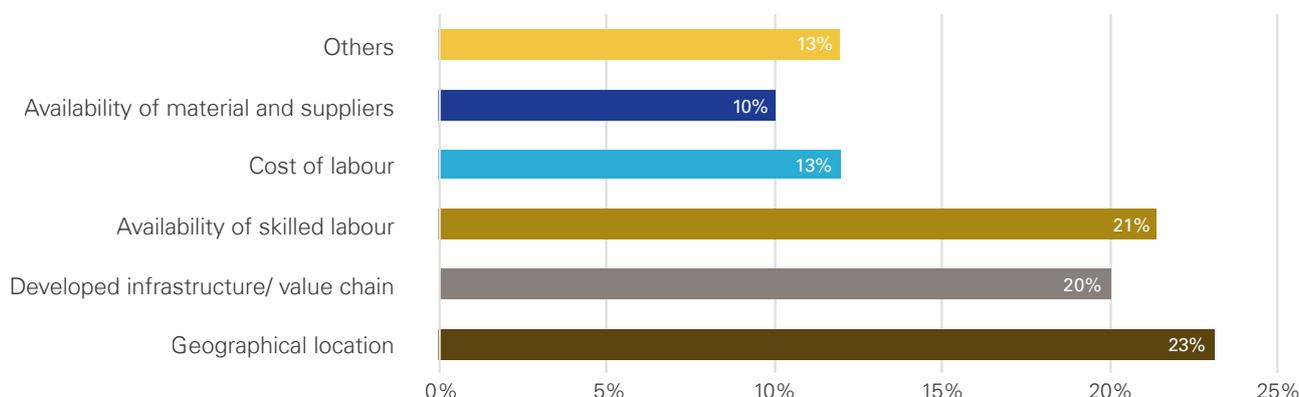
I believe there is sufficient information on government portals/offices



Risks and opportunities

Taiwan’s geographical location continues to be a strong factor for foreign businesses choosing to operate here, among other factors.

Reasons for operating in Taiwan

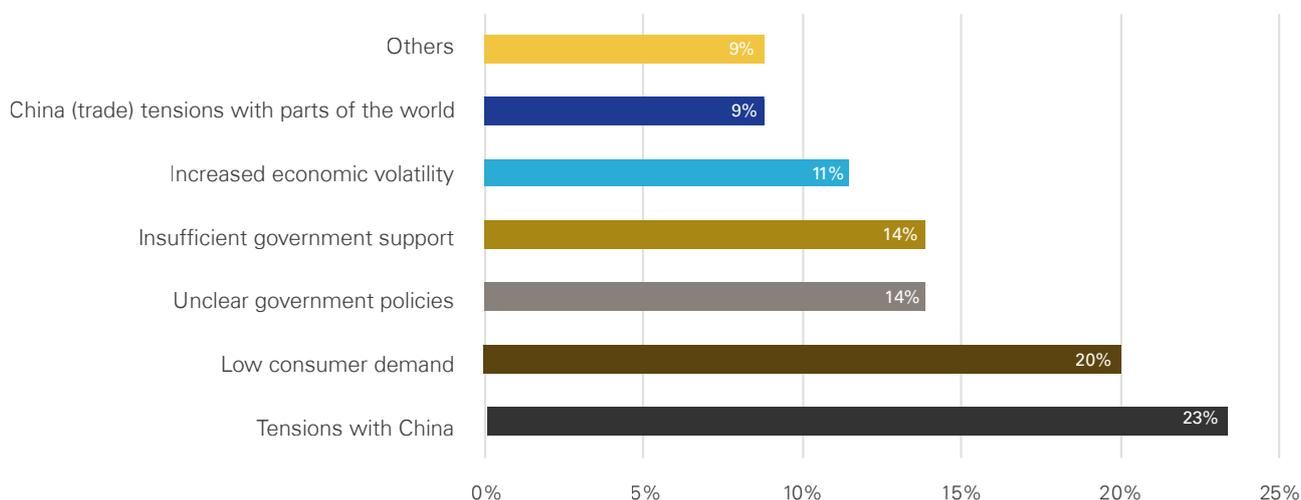


Tensions with China is viewed as a risk to Taiwan’s economic growth by many respondents, followed by low consumer demands:

Appendix B

2022 Business Survey Results

Risks to Taiwan's economic growth



As we are approaching the third full year in which COVID has impacted the world, businesses and individuals alike are trying to resume normalcy and stay afloat. 60% of the respondents felt that local COVID-19 restrictions are too strict and affected their businesses adversely. Challenges faced include:

- Slower consumption and decreased business performance
- Increased shipping costs leading to increased costs
- Travel restrictions, including inability to travel abroad, investors unwilling to visit due to local quarantine requirement, hampered opportunities for proper communications
- Absence of government plans to open borders
- Foreign talent unable to enter Taiwan

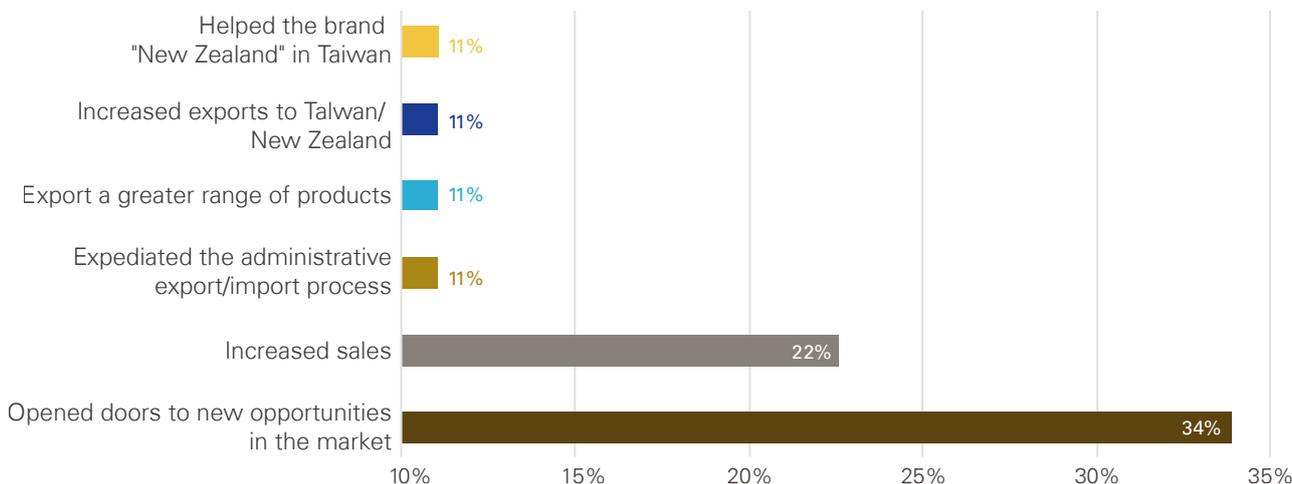
While members appreciate the government's efforts to keep the Taiwan population safe from COVID, the long-term impact of existing preventative measures has taken a significant toll. Policies now should be designed to not only keep the people safe, but to also ensure that individuals and businesses are supported in ways so they can stay afloat and keep up with the rest of the world.

Appendix B

2022 Business Survey Results

Respondents felt their businesses benefited from ANZTEC:

How has ANZTEC benefited your business



Respondents believe that a free trade agreement with Australia would be beneficial, in areas such as greater market access (mutual recognition of standards) for food, health and consumer goods, removal/reduction of tariff/ taxes and allowing individuals to be able to work in both Australia and Taiwan.

Personal challenges

As foreigners living and working in Taiwan, many were able to integrate into the Taiwanese society. However, many feel that language remains an issue in Taiwan (such as in government portals, COVID reporting must be done in Chinese, among others). Further, getting into international schools is also a challenge (with certain nationalities given enrolment priorities) and low salaries relative to other countries in the international market.

Appendix C

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 derived products. In recent years, with the exception of High Purity Factor VIII and High

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Local Plasma Derivatives Recommendation Technical Rationale

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.

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.

Appendix C

Local Plasma Derivatives Recommendation Technical Rationale

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.

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

Appendix C

Local Plasma Derivatives Recommendation Technical Rationale

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.

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

Appendix C

Local Plasma Derivatives Recommendation Technical Rationale

"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 D

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%. (Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan & eMarketer)

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 2018. (Source: Market Intelligence and Consulting Institute)

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.

Appendix D

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-comm 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.

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

Appendix D

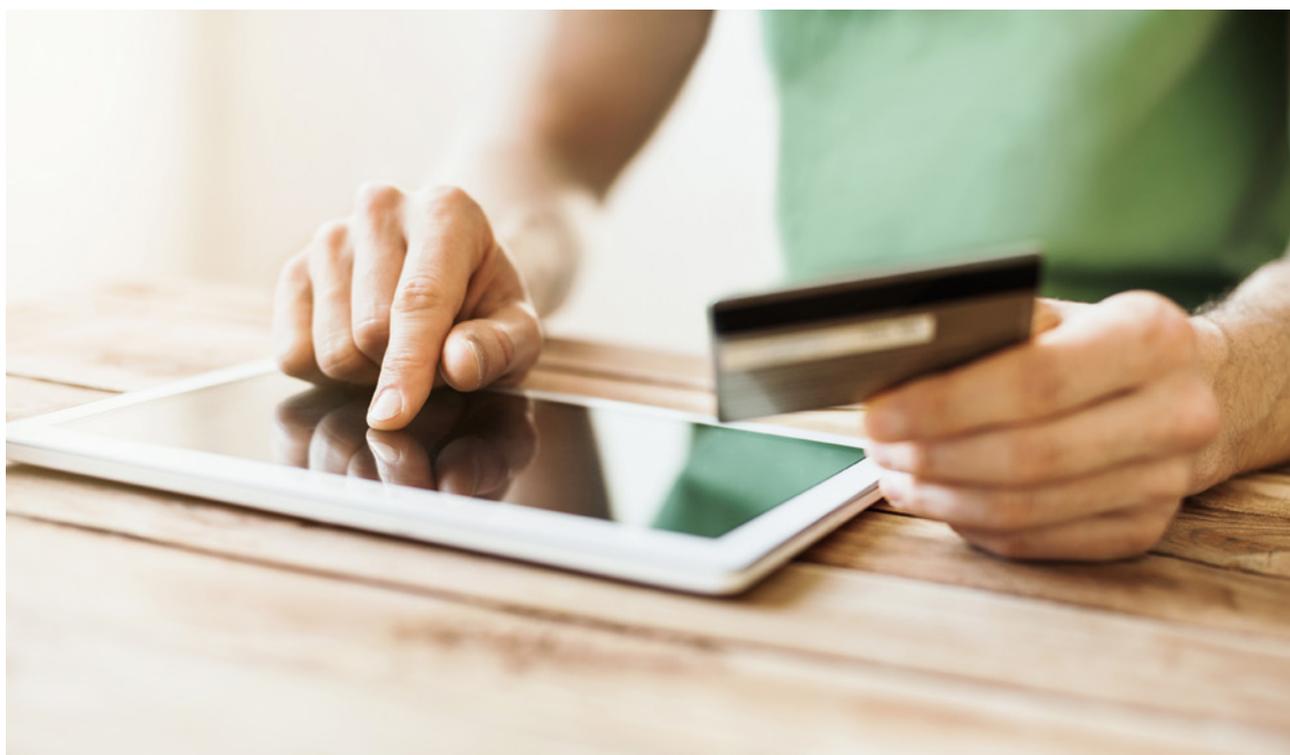
Revision of the current restrictions allowing the sale of alcohol via online / e-commerce channel.

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.



KPMG in Taiwan marks 70th anniversary

We're marking 70 years of KPMG in Taiwan

KPMG in Taiwan was founded in 1952 by Mr. Andrew A. H. Chang. The firm entered into an association with Peat Marwick Mitchell & Co. in 1971, making it one of the oldest internationally affiliated accounting firms in Taiwan. In 1987, with the worldwide merger of Peat Marwick International (PMI) and Klynveld Main Goerdeler (KMG), the firm merged with KMG's practice in Taiwan and became a member firm of KPMG. KPMG, a multinational organization with numerous accounting and business professionals around the world, has been through over a century, developing through three generations and two World Wars.

In 2022, KPMG in Taiwan is grateful to celebrate its 70th anniversary. KPMG Taiwan will continue to uphold its One KPMG concept of highest service quality and sustainable operation to support our clients, our people and our communities to aim of becoming a century-old enterprise.

In the face of rapid changes in industry landscapes and business demands, KPMG in Taiwan is committed to strengthening business competitiveness by offering profound insights and thriving innovative transformation. Together, we map out the future of business blueprint and sustainable growth with our clients.

For more information,
please visit KPMG Taiwan's 70th anniversary website



kpmg.com/tw



KPMG Deal Advisory Limited

KPMG's integrated team of specialists works at deal speed to help you find and drive value throughout your transformation and transaction lifecycle.



Buying a business

If you are considering buying a business, KPMG's integrated team of specialists helps you ask and answer the right questions throughout the acquisition life cycle, from developing the optimal acquisition strategy right through to delivering the expected value.

- Deal strategy
- Option identification
- Evaluation
- Deal execution
- Pre-close
- 100 days
- Value realization



Selling a business

If you are considering selling a business, KPMG's integrated team of specialists works with you to ask and answer the right questions throughout the divestment process, from developing an exit strategy that helps to maximize value to enhancing your retained business.

- Exit options
- Preparing for exit
- Deal execution
- Pre-close
- Post-close



Funding a business

A strategic approach to defining your capital financing objectives and understanding your debt and equity financing options is essential to sustainable growth. We offer hands-on assistance through the process of raising capital, from initial assessment and strategy to successful execution.

- Financing strategy & viability assessment
- Option identification and evaluation
- Financial model
- Negotiation of commercial terms
- Stakeholder communication



Partnering

Creating and setting up a successful joint venture or business alliance involves specialized skills. Employing a global mindset, KPMG's integrated team of specialists supports you through the life cycle of a joint venture or alliance, giving you our global best in quality and reliable service from creation to exit.

- Understanding the strategy
- Options appraisal
- Opportunity evaluation
- Partnership design
- Deal execution



Fixing a business

In this rapidly changing environment, every company faces challenges. A step in the wrong direction can sometimes have significant effects on corporate performance and company value. KPMG's integrated team of specialists can guide you through difficult times to deliver real results for your stakeholders.

- Financial Restructuring
- Solvency Strategies



Infrastructure and green investment

Sustainable and circular economy highlights the importance of environmental friendliness by governments and investors, generating new types of infrastructure investment opportunities and innovative green energy industries. The KPMG team will help you invest in ESG-focused industries.

- Strategy Formulation
- Tender Assistance
- PPP/BOT
- Mergers, acquisitions and joint venture services
- Project financing assistance



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