

SEPTEMBER 2024

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*Taiwanese Industry Responds to Geostrategic Risks*

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A Report of the Trustee Chair in Chinese Business and Economics

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# Executive Summary

In July 2022, on the eve of then U.S. House of Representatives speaker Nancy Pelosi’s visit to Taiwan, the Trustee Chair in Chinese Business and Economics at CSIS conducted a formal survey of Taiwanese companies’ views and activity related to the international geostrategic environment.<sup>1</sup> What most stood out was the high percentage of firms that already had begun to move some of their business from Mainland China or were considering doing so. A smaller, yet surprising number also reported either already moving or considering moving some of their business from Taiwan. These levels of reported movement of operations far outstripped such activity by their American, European, and Japanese counterparts.

Since then, in part due to two summit meetings between the leaders of the United States and China and the launching of over a dozen dialogues, geostrategic tensions have modestly tempered. In that context the Trustee Chair conducted a second survey of Taiwanese firms in November 2023 to assess how companies’ views and behavior may have shifted during the intervening period. The new survey was slightly modified to take into consideration changing circumstances, and the sample size was increased.

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1 Scott Kennedy, *It’s Moving Time: Taiwanese Business Responds to Growing U.S.-China Tensions* (Washington, DC: CSIS, October 2022), <https://www.csis.org/analysis/its-moving-time-taiwanese-business-responds-growing-us-china-tensions>.

The overarching conclusion from the latest survey is that although worries about the risks of doing business with China remain high, Taiwanese companies are engaging in a variety of diversification strategies rather than decoupling from China.

Companies' worries about the geostrategic environment have receded somewhat, but they still favor a variety of coping strategies, including expanding involvement in regional trade arrangements, broadening commercial ties with the United States, expanding research and development (R&D) and nurturing a talented workforce to protect Taiwan's technology advantage, and shifting some of their operations from China and Taiwan. Although the total proportion of firms considering or actually moving some of their business from China and Taiwan fell slightly, the proportion reporting they have already moved some operations rose significantly (from 25.7 percent to 34.3 percent from China, and from 13.0 percent to 17.9 percent from Taiwan). Companies report that Southeast Asia is still their number one destination, but interest in South Asia has risen dramatically. Companies are motivated to move from China for a variety of reasons, including high labor costs, fears of supply chain disruptions, changing investment policies, and worries about the possibility of war. Industries vary significantly in their interest in moving, which may be affected by the extent of their investment and the purpose of their existing operations.

Although the proportion of firms moving remains high, they are moving as part of a variety of diversification strategies, not outright abandoning China altogether. China is still seen as an important trading partner; Taiwanese businesses are still not convinced India and Southeast Asia are sufficient substitutes; and companies are only moving a portion of their operations.

These results have important implications for policymakers in Washington, Beijing, Taipei and elsewhere. In the face of similar risks faced by Taiwanese industry, the U.S. government has launched a range of initiatives to address a list of economic security concerns, including dual-use technologies, supply chain resilience, economic coercion, and human rights abuses. If Washington's approach becomes overly focused on imposing restrictions and shifts from a goal of managing risks to decoupling, it could very well find itself out of step with Taiwan, and most likely with other like-minded partners as well.

Although Beijing has taken a variety of steps over the past two years to address the concerns of companies and investors, including from Taiwan, it has simultaneously increased military pressure against Taiwan, carried out an investigation into Taiwan's potential violation of ECFA, and imposed a variety of tailored restrictions. At a minimum, these steps send a mixed signal to Taiwanese businesses and propel them to explore alternative opportunities. Beijing will need to adjust its policies if it wants to achieve progress on both political issues and economic ties. For Taipei, the survey results suggest that policy steps to radically expand restrictions against Mainland China would not be welcomed by local industry, which instead still sees China as an important location for production and a large market. The continued anxiety about a possible war and supply chain disruptions means Taipei still must work to reassure local industry about the island's commercial environment and economic future. Strengthening business confidence is central to maintaining the island's economic vibrancy and security.



# Taiwanese Industry

## *A Potential Canary in the Mine*

The views and actions of Taiwanese companies provide invaluable insights into both cross-strait relations and trends in the geoeconomic environment. Firms from Taiwan are deeply embedded in supply chains that traverse the West, the People’s Republic of China, and the Global South, operating along the most complex geostrategic fault lines in the world. Moreover, Taiwanese industry may be the “canary in the mine,” with its views and conduct providing a preview of how global industry may behave when faced with competing forces to either shift business away from China or stay put. On one hand, the growth of restrictive trade and investment policies, the rising possibility of military conflict, climate change, increasing labor costs, pandemic restrictions, and other risks have created pressures for firms to move from China to other locales. On the other hand, China’s large domestic market, its sophisticated infrastructure and manufacturing value chain, and its growing innovation ecosystem act as incentives for firms to remain there or even expand their footprint.

Multinational companies and financial institutions trying to assess their options, as well as policymakers attempting to evaluate the efficacy of their economic policies, will gain a deeper understanding of this landscape by examining the views and behavior of Taiwanese industry. Although trade and investment data and individual case studies are useful gauges, surveys provide an intermediate bridging tool, as they allow for the assessment of a large number of firms’ subjective evaluations of their circumstances, their actual behavior, and the factors shaping their future choices.

In July 2022, on the eve of then U.S. House of Representatives speaker Nancy Pelosi's visit to Taiwan, the Trustee Chair in Chinese Business and Economics at CSIS conducted a formal survey of Taiwanese companies' views and activity related to the international geostrategic environment.<sup>2</sup> As a group, the polled companies believed that Taiwan was overdependent on China, and they were worried about a possible conflict in the Taiwan Strait, the consequences of China's zero-Covid policies, and other risks. Many of those polled advocated for expanding Taiwan's economic ties with the United States, becoming more involved in regional arrangements, and strengthening the island's technological edge through greater research and development (R&D) and investments in human talent.

But what most stood out was the high percentage of firms that already had begun to move some of their business from China (25.7 percent) or were considering doing so (33.2 percent). A smaller, yet surprising number also reported already moving some of their business from Taiwan (13.0 percent) or were considering doing so (20.8 percent). At the time, roughly two-thirds of those moving from either locale were shifting some of their operations to Southeast Asia. These levels of reported movement of operations far outstripped such activity by their American, European, and Japanese counterparts.

Since then the geostrategic environment has continued to evolve. In early 2023, China ended its zero-Covid policies and reopened to international travel. Around the same time, the United States and China took a range of steps to stabilize their relationship, including leadership summits in October 2022 and November 2023 and the launch of over a dozen bilateral dialogue mechanisms. In the process, the sense of imminent conflict in the Taiwan Strait receded, as the United States and China sought to reassure the other about their motivations and to clarify their red lines. It is in this somewhat less tense geostrategic context that the Trustee Chair conducted a second survey of Taiwanese firms in November 2023 to assess how companies' views and behavior may have shifted during the intervening period. In addition to remeasuring their assessment of risks and coping strategies, a second survey could also evaluate whether steps by China to normalize inward and outward international travel and by Beijing and Washington to stabilize ties had any effect on firms' intentions to move business operations.

The new survey was slightly modified from the original. There were fewer questions about the Covid-19 pandemic. In their place, new questions were added to more directly understand why companies would potentially move from Mainland China and Taiwan, and if so, how much of their operations they were moving. The survey also placed greater attention on the relevance of companies' industries to more fully capture variation in patterns of views and behavior.

As Figure 1.1 shows, the average size and overall profitability levels of companies in the latest survey sample are similar to 2022, but firms in the new survey skew slightly older. The proportion of firms with investment in China is slightly higher (61.6 percent compared to 60.8 percent), but the companies in the new survey depend less on the Mainland for their revenue than those polled in

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2 Kennedy, *It's Moving Time*.

**Figure 1.1: Comparison of 2022 and 2023 Survey Samples**

(%; 2022: N=525; 2023: N=610)

<b>Company Size</b>			<b>Profitable</b>		
<b>Number of employees</b>	<b>2022</b>	<b>2023</b>		<b>2022</b>	<b>2023</b>
0-5	7.0	9.0	Yes	85.3	82.6
6-20	17.0	8.4	No	12.2	9.8
21-200	33.3	33.8	Don't Know	2.5	7.5
201-1,000	28.4	27.9			
1,001+	14.3	21.0			

<b>Company Age</b>			<b>Mainland China Revenue Share</b>		
<b>Years</b>	<b>2022</b>	<b>2023</b>		<b>2022</b>	<b>2023</b>
<5	6.5	7.9	<10%	52.4	32.6
5-10	13.0	26.9	10-<25%	21.7	29.5
11-20	27.4	25.9	25-<35%	16.4	17.7
21-30	23.6	17.0	35-<50%	5.1	14.6
31+	29.5	22.3	50-100%	4.4	5.6

<b>Industry</b>			<b>Top Sectors</b>		
	<b>2022</b>	<b>2023</b>		<b>2022</b>	<b>2023</b>
Agriculture	3.6	11.2	Manufacturing	24.8	25.1
Industry	43.2	49.7	Tech Services	12.4	17.7
Services	53.1	39.1	Sales	15.8	12.1
			Finance & Insurance	6.9	10.0
			Shipping	3.0	5.9
			Entertainment	2.1	5.7
			Construction	7.8	5.6
			Hotels & Food Service	4.2	4.6

<b>Political Views about Taiwan</b>			<b>Investment in China</b>		
	<b>2022</b>	<b>2023</b>		<b>2022</b>	<b>2023</b>
Independence	23.2	13.9	Yes	60.8	61.6
Status Quo	69.1	58.5	No	39.2	38.4
Unification	6.1	24.9			

Source: Scott Kennedy, *It's Moving Time: Taiwanese Business Responds to Growing U.S.-China Tensions* (Washington, DC: CSIS, October 4, 2022), <https://www.csis.org/analysis/its-moving-time-taiwanese-business-responds-growing-us-china-tensions>; and appendix.

2022. The 2023 survey has a somewhat higher percentage of firms in agriculture and industry but still has roughly 25 percent of firms in manufacturing, which is very similar to the island's overall average. The size of the sample was increased intentionally (to 610 firms from 525) so that it would be more feasible to analyze how firms' sectoral identity shapes their responses.

The biggest difference in this year's sample is that the proportion of respondents in favor of Taiwan's independence was much lower, 13.9 percent compared to 23.2 percent. The general population's support for independence did drop over the same period, with 3.8 percent in favor of immediate independence and 21.5 percent in favor of maintaining the status quo for the moment but eventually moving toward independence, but was still higher than this sample.<sup>3</sup> In the 2022 survey, pro-independence respondents were more likely to favor moving their operations.

In sum, the timing of this new survey—coming after a general stabilization in U.S.-China ties—and the skewing of the sample in a pro-unification direction would, all else being equal, suggest a lower proportion of companies would be moving their operations, whether from Mainland China or Taiwan. As will be explained below, the actual results indicate that a high proportion of Taiwanese companies are still moving. That said, it appears that the vast majority are engaged in one form or another of diversifying rather than fully decoupling their business from China.

The next chapter of this report presents the key findings of the survey with regard to how Taiwanese companies evaluate the various geostrategic risks they face and how best to respond, both in terms of government policies as well as their own behavior. The third chapter delves further into Taiwanese firms' decision to move operations from the Mainland and explores why they are more prone to move than their counterparts from elsewhere. The final chapter evaluates the policy implications for the various actors with a stake in these geopolitical challenges.

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3 "Over 80% of Taiwanese favour maintaining status quo with China: Survey," *Business Standard*, February 24, 2024, [https://www.business-standard.com/world-news/over-80-of-taiwanese-favour-maintaining-status-quo-with-china-survey-124022400130\\_1.html](https://www.business-standard.com/world-news/over-80-of-taiwanese-favour-maintaining-status-quo-with-china-survey-124022400130_1.html).

# The Overall Results

## *Evolving Risks and Responses*

The overarching conclusion from the latest survey is that although worries about the risks of doing business with China have modestly receded—in part due to the thaw in U.S.-China relations and the end of zero-Covid—anxieties remain high. As a result, companies still favor a variety of coping strategies, with an even higher proportion than in 2022 having already started to move some of their business out of Mainland China and Taiwan. As in the 2022 edition, the full survey and results are included in the appendix.

- 1. Anxieties about China and international affairs remain high but have attenuated in a few ways, reflecting slightly less alarmist expectations about the likelihood of a U.S.-China military confrontation and a subtle shift in views regarding China's Covid-19 policies.**

The most notable change is a drop in the proportion of those expecting a U.S.-China military conflict in the next five years, falling over 10 percentage points, from 38.7 percent to 28.2 percent (see Figure 2.1). At the same time, the proportion believing Taiwan's semiconductor industry serves as a disincentive to Beijing to attack or as an incentive to the United States to come to Taiwan's aid both fell somewhat, to slightly under half of those polled. Those who believe China's zero-Covid policies had a negative impact on their business did not change—45.7 percent in 2022 and 45.5 percent in 2023—but the proportion who said zero-Covid had either a somewhat positive or very positive effect on their business rose from 15.0 percent to 24.3 percent, perhaps reflecting a reevaluation once the tensions of the moment had passed.

**Figure 2.1: Worries about War and Zero-Covid (%)**

	<b>2022</b>	<b>2023</b>
Agree that there will be a military conflict between the United States and China in the next five years.	38.7	28.2
Agree that Beijing is less likely to take military action against Taiwan because of Taiwan’s strong semiconductor industry.	50.5	45.6
Agree the United States and others will send troops to defend Taiwan because of Taiwan’s strong semiconductor industry.	54.8	48.9
Say that Mainland China’s zero-Covid policies negatively impacted their firm’s revenue.	45.7	45.5

Source: Kennedy, *It’s Moving Time*; and appendix.

**2. Taiwanese companies seek to reduce dependence on China and expand cooperation with others.**

As a result of these continuing worries, the proportion of polled companies that believe Taiwan should reduce its dependence on China is still high. But the overall proportion that agree with this statement—either strongly or somewhat—fell almost 10 percentage points, from 76.3 percent to 66.9 percent (see Figure 2.2).

**Figure 2.2: Taiwan Should Reduce Its Dependence on China (%)**

	<b>2022</b>	<b>2023</b>
Strongly agree	33.1	28.2
Somewhat agree	43.2	38.7
Neither agree nor disagree	14.7	-
I don’t know	-	23.3
Somewhat disagree	6.5	6.6
Strongly disagree	2.5	3.3

Note: The neutral option was changed between the two surveys but did not have an effect on the responses.

Source: Kennedy, *It’s Moving Time*; and appendix.

The first approach to reducing dependence is to expand involvement in regional trade arrangements. As Figure 2.3 shows, the Economic Cooperation Framework Agreement (ECFA), which regulates cross-strait commercial relations, is still regarded as the most important regional agreement for Taiwan; however, support for this view dropped substantially, to just over 21 percent. Evaluations of other major East Asia arrangements—the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and the Regional and Comprehensive Economic



Partnership (RCEP)—are also still among the top tier but fell as well. Rising in the assessment are new arrangements such as the Digital Economy Partnership Agreement (DEPA), Taiwan’s own New Southbound Policy, and the U.S.-led Indo-Pacific Economic Framework for Prosperity (IPEF). DEPA was launched in 2020 and as of May 2024 had four members: Chile, New Zealand, Singapore, and South Korea. Taiwan’s interest ostensibly originates from the arrangement’s focus on issues central to the island’s economy and from the fact that efforts by the World Trade Organization (WTO) to reach a new pact on digital trade have faltered. Interest in the New Southbound Policy, geared toward expanding ties with Southeast Asia, India, Australia, and New Zealand, also modestly rose. Finally, recognition of IPEF rose even though the prospects for Taiwan to formally join have been very low.

**Figure 2.3: Preferred Regional Arrangements (%)**

(Agreements in **bold font** saw an increase in support from 2022 to 2023)

	<b>Top</b>		<b>Among Top 3</b>	
	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>
Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)	26.3	18.2	67.2	54.6
Regional and Comprehensive Economic Partnership (RCEP)	19.4	17.5	67.8	52.5
Cross-Straits Economic Cooperation Framework Agreement (ECFA)	28.8	21.3	55.2	51.6
<b>Digital Economy Partnership Agreement (DEPA)</b>	8.6	14.6	44.6	45.9
<b>New Southbound Policy</b>	4.0	7.9	25.9	28.4
<b>Indo-Pacific Economic Framework for Prosperity (IPEF)</b>	2.5	6.9	21.1	23.9
<b>Belt and Road Initiative (BRI)</b>	0.4	5.7	5.3	15.4

Source: Kennedy, *It’s Moving Time*; and appendix.

The second component is to expand commercial ties with the United States. Although the United States and Taiwan recently successfully negotiated the first part of the Initiative on 21st-Century Trade, whose components mirror those in IPEF, Figure 2.4 shows that Taiwanese firms’ primary interest is still in three other arrangements. Leading the way is a formal bilateral trade agreement, but interest in that dropped somewhat (especially when ranked among the top three), likely because prospects for such a deal have remained low. Similarly strong support exists for two arrangements that have been in operation for some time, the Technology Trade and Investment Collaborative Framework and the Trade and Investment Framework Agreement (TIFA).

Support for a bilateral double-taxation agreement with the United States still does not rank as highly as other arrangements but did rise from 7.8 percent to 14.3 percent as the top option of respondents and increased to be among the top three, from 26.1 percent to 35.4 percent of

**Figure 2.4: Bilateral Arrangements with the United States (%)**

(Agreements in **bold font** saw an increase in support from 2022 to 2023)

	Top (%)		Among Top 3 (%)	
	2022	2023	2022	2023
Formal Bilateral Trade Agreement	22.3	21.3	64.0	49.5
Technology Trade and Investment Collaboration Framework	17.0	16.7	52.6	49.5
Trade and Investment Framework Agreement (TIFA)	18.9	13.9	65.0	49.0
<b>Economic Prosperity Partnership Dialogue</b>	14.9	15.9	50.3	49.0
<b>Double Taxation Agreement with the United States</b>	7.8	14.3	26.1	35.4
U.S.-Taiwan Initiative on 21st-Century Trade	8.8	7.2	27.2	28.9

Source: Kennedy, *It's Moving Time*; and appendix.

respondents. Moreover, when specifically queried about a double-taxation agreement, a full 70 percent consider it important, with almost a quarter describing it as “extremely important” (23.0 percent), “fairly important” (24.9 percent), or “important” (22.1 percent). Only 7.4 percent said the agreement is “completely unimportant.” The Biden administration, Congress, and Taipei have made progress on creating parallel double-taxation measures, but final adoption, as of September 2024, is still uncertain.<sup>4</sup>

### 3. Consensus solidified over the importance of offensive technology policies to maintain the island’s technological advantage.

In the original 2022 survey, Taiwanese companies reported that the most important steps needed to protect Taiwan’s technology advantage were expanding R&D and nurturing a talented workforce. These “offensive” steps drew more support than “defensive” ones such as rigid export controls and investment restrictions.

In the new survey, these views were further strengthened. When asked how Taiwan should maintain its technological edge on China, 37.9 percent of respondents said that R&D in Taiwan should be expanded, compared to 35.4 percent in 2022 (see Figure 2.5). Jumping up to second, with 14.9 percent support, is expanding the number of university undergraduate and graduate students in science and technology (S&T). By contrast, support dropped for every kind of “defensive” policy meant to limit China’s access to technology—such as export controls on dual-use technology, inward investment restrictions, outward investment restrictions, and limits on Taiwanese working in

4 “Tax Committee: 2024 White Paper Issues,” American Chamber of Commerce in Taiwan, June 2024, <https://amcham.com.tw/2024/06/2024-tax-position-paper/>.

Mainland Chinese high-tech companies—with each attracting just above 10 percent support. This sentiment is consistent with the respondents’ analysis, discussed further below, that one of the main constraints on their firms’ competitiveness is insufficient talent.

**Figure 2.5: How Should Taiwan Keep Its Technological Edge? (%)**

	<b>2022</b>	<b>2023</b>
Expand R&D spending in Taiwan	35.4	37.9
Expand the number of S&T university and post-university graduates in Taiwan	6.5	14.9
Inward investment restrictions (Mainland China into Taiwan)	12.4	11.5
Rigorous export controls on dual-use (civilian and military) technologies	21.1	13.9
Outward investment restrictions (Taiwan into Mainland China)	12.4	10.8
Restrictions on Taiwanese employees working for Chinese high-tech companies	12.2	11.0

Source: Kennedy, *It's Moving Time*; and appendix.

#### **4. More Taiwanese companies are following through on their plans to move some operations from Mainland China and Taiwan.**

The most surprising finding from the 2022 survey was the high percentage of companies that were considering moving or were actually starting to move some of their business from both Mainland China (58.9 percent) and Taiwan (33.8 percent). Despite the tempering of U.S.-China tensions and less alarmist worries about war, companies in the latest survey still report that they are considering or already moving, from both China (57.4 percent) and Taiwan (37.6 percent), as Figure 2.6 shows. The biggest shift is from thought to action, with a jump in actual moving from China (from 25.7 percent to 34.3 percent) and Taiwan (from 13.0 percent to 17.9 percent), indicating that the original consideration of moving was more than baseless speculation.

In addition to a jump in those already moving, there was also a change in the pattern of destinations. In the original survey, over 63 percent of companies moving from China and 67.8 percent of companies moving from Taiwan were going to Southeast Asia, far more than any other location (see Figure 2.7). By contrast, by late 2023, companies reported that Southeast Asia was still their number one destination from China (50.9 percent) and Taiwan (48.9 percent), but by a smaller margin than before. For those moving from China, the second most common destination was, as in 2022, Taiwan. However, the third most common destination, and biggest change from 2022, was South and Central Asia, by which respondents most likely meant India. There was still interest in moving to Northeast Asia (South Korea and Japan), while North America, and Australia and New Zealand, still garnered low levels of interest. For those moving from Taiwan, there was a substantial jump in those moving to the Mainland, while South and Central Asia moved up to attract as much

Figure 2.6: Companies Report Moving from Mainland China and Taiwan (%)

		Already Moved	Considering Moving	Not Moving	Don't Know or N/A
<b>2022</b>					
<b>Moving From</b>	Mainland China	25.7	33.2	31.1	10.0
	Taiwan	13.0	20.8	54.3	11.9
<b>2023</b>					
<b>Moving From</b>	Mainland China	34.3	23.1	38.0	4.6
	Taiwan	17.9	19.7	49.7	12.7

Note: Only companies reporting investment in China were asked about moving from China. All companies were asked about moving from Taiwan, since all had to have business there to qualify for this survey. Those who answered “don't know” or “not applicable” were grouped together.

Source: Kennedy, *It's Moving Time*; and appendix.

interest as Northeast Asia. And like those moving from Mainland China, there was still only limited interest in North America and in Australia and New Zealand. This suggests that large individual investments, such as Taiwan Semiconductor Manufacturing Company's (TSMC) fab in Phoenix, Arizona, are not being followed by a wave of other Taiwanese companies. By contrast, momentum to move to India has gained substantial steam.

Figure 2.7: A Shifting Pattern of Destinations (%)

		Moving To*						
		Southeast Asia	Taiwan	Mainland China	Northeast Asia	South and Central Asia	North America	Australia and New Zealand
<b>2022</b>								
<b>Moving From</b>	Mainland China	63.1	51.3	-	19.5	10.3	10.3	7.2
	Taiwan	67.8	-	20.9	29.4	14.1	9.6	13.6
<b>2023</b>								
<b>Moving From</b>	Mainland China	50.9	46.8	-	22.2	31.0	7.4	9.7
	Taiwan	48.9	-	31.4	24.9	24.9	9.2	9.6

\* Note: Respondents were asked to check all that apply; hence, the total is greater than 100 percent.

Source: Kennedy, *It's Moving Time*; and appendix.

To provide greater insight, the new edition of the survey also asked companies to indicate the proportion of their operations that they are considering or actually moving from the Mainland and

Taiwan. As Figure 2.8 shows, the plurality (39.4 percent) of those in Mainland China are moving 26-50 percent of their business, and just over 30 percent of companies are moving 11-25 percent. Only 7.9 percent are moving the vast majority of their business (over 75 percent) out of China. For those leaving Taiwan, the data skews somewhat lower, with the plurality (36.7 percent) moving 11-25 percent, and 31 percent moving 26-50 percent. These are not insignificant portions of their business, but very few are leaving either locale outright.

**Figure 2.8: Shifting, Not Leaving: Proportion of Investment Being Moved from Mainland China and Taiwan to Elsewhere (% , 2023)**

	<b>From China</b>	<b>From Taiwan</b>
0-10%	8.8	14.0
11-25%	30.1	36.7
26-50%	39.4	31.0
51-75%	13.9	10.5
76-100%	7.9	7.9

Note: This question was asked only of respondents who said they were considering or already moving some of their operations out of Mainland China or Taiwan.

Source: Appendix.

There are also some important insights to be gained by looking at the responses of different industries (see Figure 2.9). First, industries vary substantially in the share of firms with investment in China that are considering or actually moving. In five sectors (public administration, real estate, finance and insurance, human health and social work, and manufacturing), over two-thirds of firms are moving or considering doing so. In another 10 sectors, it is 50-60 percent of firms, and in four sectors it is less than 50 percent.

A complete explanation for the variation across sectors awaits more refined statistical analysis, but there are a couple of findings that stand out at first glance. Sectors with firms that report China’s market is a relatively higher share of their overall revenue appear to move somewhat more of their operations than those less dependent on China. Additionally, in sectors where a higher proportion of firms report moving, they tend to be moving a slightly lower proportion of their business compared to sectors where a lower share of firms are moving. Put another way, in some sectors a high share of firms are moving, but they are moving less of their operations.

There is an important contrast in terms of destinations. Over half (52.8 percent) of firms in manufacturing are moving to Southeast Asia, whereas only 22.6 percent in that sector were returning to Taiwan. Other likely movers to Southeast Asia were in health and social work and hotel and food services, all services that could support the people who are in manufacturing firms. The most likely sectors to return to Taiwan were public administration, finance and insurance, and hotel and food services.

Finally, in around 40 percent of sectors, firms most commonly were moving a moderate proportion of their operations (26-50 percent). In five sectors, firms were mainly moving 11-25 percent of their operations. And in another five industries, the proportion of operations that firms reported moving was widely distributed, with no one dominant pattern.

**Figure 2.9: Industry Patterns of Moving from China (% , 2023)**

(Based on those firms with investment in China, N=376)

<b>Industry</b>	<b>Moving from China</b>	<b>Moving to Southeast Asia</b>	<b>Moving to Taiwan</b>	<b>Most Common Amount Being Moved</b>
Public administration	78.6	28.6	57.1	26-50
Real estate	75.0	25.0	25.0	11-25, 26-51-75, 76-100
Finance and insurance	69.8	15.1	47.2	26-50
Human health and social work	68.8	43.8	18.8	11-25
Manufacturing	67.0	52.8	22.6	11-25
Transportation and storage	60.9	26.1	21.7	11-25, 26-50
Professional services	58.0	36.2	30.4	11-25
Mining and quarrying	57.1	21.4	35.7	26-50
Agriculture	57.1	21.4	28.6	26-50
Construction	55.6	22.2	16.7	11-25, 26-50
Water supply	55.6	33.3	33.3	26-50
Hotels and food service	54.5	27.3	36.4	26-50, 51-75
Education	53.8	23.1	23.1	26-50
Publishing and broadcasting	50.0	30.0	20.0	26-50
Support service	50.0	28.6	28.6	26-50
Wholesale and retail trade	45.5	21.2	27.3	11-25
Electricity and gas supply	38.5	23.1	15.4	11-25
Arts and entertainment	33.3	11.1	22.2	26-50, 51-75
Other services	20.0	20.0	20.0	51-75

Note: Surveyed firms could select multiple industries that applied to them. "Moving" includes both those firms considering moving and those actually moving. In sectors where there was a tie in the most common amount being moved, the figure identifies all of them.

Source: Appendix.

In addition to these broader patterns of shifting investment decisions, there are some distinctive regional patterns that suggest Taiwanese companies are pursuing a diversity of approaches. The



largest plurality of companies are not moving at all, either from the Mainland or Taiwan. Of those that are moving, three groups are significant. The first is the group of 22 companies that are moving from China and Taiwan and going only to Southeast Asia. The second group is composed of 25 firms that are moving from both China and Taiwan to at least three other destinations. The final group is made up of 30 firms reporting that they are simultaneously moving only from Mainland China to Taiwan and from Taiwan to Mainland China. The “Southeast Asia movers” are focused on shifting production to a single locale; the “diversifiers” appear to be spreading risk across a range of regions; and the “cross-strait movers” appear to be reorganizing their production within the company, with a clearer delineation of their “China for China” activities in the PRC and their other activities directed for Taiwan and the rest of the world back on the island.

The broader point is that although most companies are moving or planning to move their business, there is substantial variation in where they are moving to and how much of their operations they are moving. Understanding these patterns is aided by analyzing the reasons why companies are moving.

# Why Taiwanese Companies Are Moving

It is not only surprising that such a high percentage of Taiwanese firms are moving from Mainland China and Taiwan despite the stabilization of U.S.-China relations, but that the inclination for Taiwanese firms to move is so much higher than for their counterparts from the United States, Europe, and Japan (see Figure 3.1). Whereas over 57 percent of Taiwanese companies are considering or already moving, just under a quarter of U.S. firms in China are, and only around 10 percent of European and Japanese firms report that they are moving.

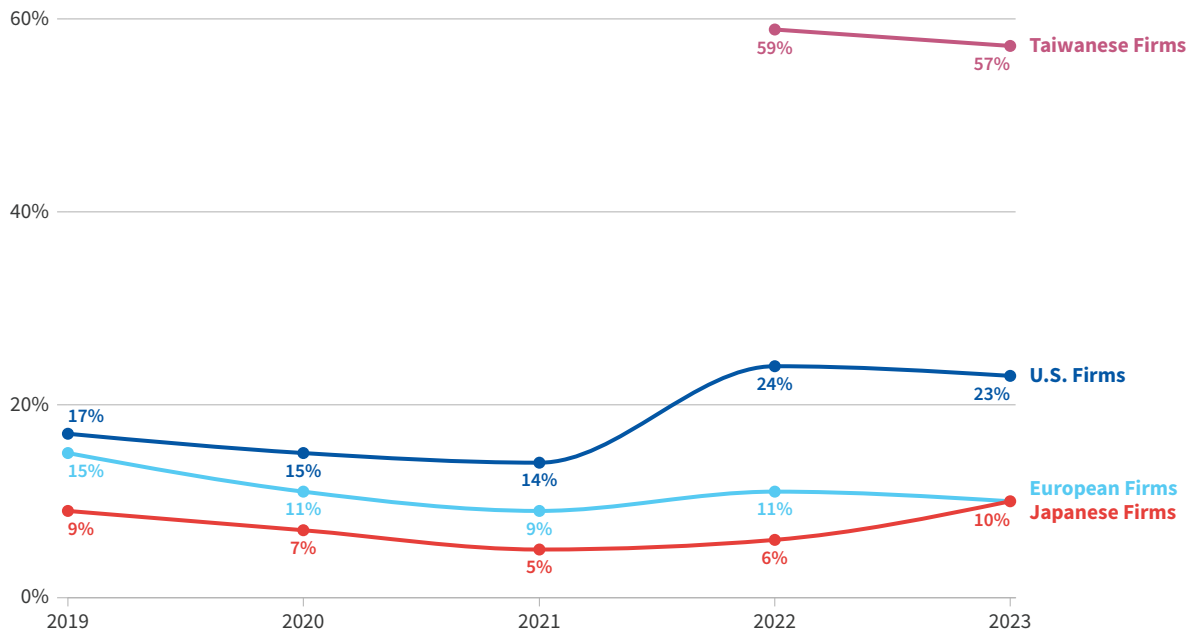
There is no direct evidence to explain why Taiwanese companies have a stronger propensity to move than their American, European, and Japanese counterparts. But we can evaluate what differentiates the Taiwanese firms that choose to move from those that do not, and then more closely analyze the various reasons for moving. This may then help provide insights across different investors in China.

One way to distinguish movers and non-movers is to compare their answers to other questions in the survey. These patterns are not necessarily statistically significant, because the potential effect of other factors is not simultaneously accounted for, but such “crosstabs” are nevertheless suggestive. The first survey from 2022 found that several factors—companies’ backgrounds, the Covid-19 pandemic, firms’ evaluation of the international economic situation, the respondents’ political leanings, and their views about security—were related to how likely they were to have considered or actually begun to move some of their business from China and Taiwan.

As with the 2022 results, companies in manufacturing are more likely to have already moved than to either be just considering moving or have no plans to move (see Figure 3.2). A company’s current

**Figure 3.1: Comparative Rates of Movement from China**

(% of respondents to surveys who have or are considering moving production from China, 2019–2023)



Source: American Chamber of Commerce in China, *China Business Climate Survey Report, 2020–2024*, <https://www.amchamchina.org/category/publications/>; European Union Chamber of Commerce in China, *Business Confidence Survey 2024* (Beijing: European Union Chamber of Commerce in China, June 2024), <https://www.europeanchamber.com.cn/en/publications-business-confidence-survey>; Japan External Trade Organization, *Survey on the International Operations of Japanese Firms, 2019–2023*, <https://www.jetro.go.jp/en/reports/survey/>; and appendix.

profitability does not appear to shape their relocation decisions. Unlike in 2022, however, older companies are now more likely to leave rather than younger firms.

Looking at economic ties, while revenue reliance on China did not seem to matter in 2022, it does in the latest survey. Companies that depend more on China for their profits are less likely to move than those that are less dependent. A total of 69.2 percent of those who did not move generated more than 25 percent of their profits from China, while only 51.7 percent of those considering moving and 36.4 percent of those who have not moved depend on China for a quarter or more of their profits.

Conversely, those who already started moving strongly believe that the island should reduce its dependence on Mainland China. In short, while exposure to China may be synonymous with higher opportunity costs, fears of overdependence still shape relocation decisions. Finally, those who believe that Southeast Asia and India are sufficient substitutes for China were, as in 2022, more likely to have already started moving.

The impact of political and security views did not change much between the two surveys. In 2023, 21.3 percent of those who moved away supported Taiwan’s independence, compared to 9.5 percent who were considering moving and 2.8 percent who were not moving at all. Moreover, companies that left were less concerned about China’s military action given Taiwan’s strength in

Figure 3.2: Distinguishing between Movers and Non-movers from Mainland China

	Already Moved (%)	Considering Moving (%)	No Plans to Move (%)
<b>General Economic Issues</b>			
Your company has been operating less than 20 years.	56.6	66.7	69.9
The company is in manufacturing.	38.8	20.7	19.6
Agree that business interests are the priority of the current Taiwan government.	85.3	72.4	81.1
<b>Economic Interaction with Mainland China and Others</b>			
Agree that Taiwan needs to reduce its economic dependence on Mainland China.	87.6	63.2	62.2
Agree Southeast Asia and India are sufficient substitutes for Taiwan exports to and investment with Mainland China.	82.2	58.6	45.5
<b>Politics</b>			
You support Taiwan independence.	21.3	9.5	2.8
<b>Security</b>			
Agree that Beijing is less likely to take military action against Taiwan because of Taiwan's strong semiconductor industry.	63.6	43.7	42.7
Agree that the United States and others will send troops to defend Taiwan because of Taiwan's strong semiconductor industry.	60.5	49.4	45.5

Source: Appendix.

semiconductors and were most likely to believe that the United States and others would provide military support in the event of a contingency for the same reason.

When the focus turns to reasons for moving from or staying in Taiwan, because the pandemic subsided in 2022, the 2023 survey did not ask how Covid-19 cases affected business or whether respondents were satisfied with Taiwan's Covid-19 policies. Instead, as Figure 3.3 shows, basic company characteristics and views about the semiconductor industry mattered. Companies that

are older, larger, and in manufacturing showed a greater propensity for moving. Unlike in the 2022 survey, the belief that Southeast Asia and India are sufficient substitutes for both Taiwan exports and investments with Mainland China now appears positively correlated with the decision to move from Taiwan. In addition, companies that believe Beijing is less likely to take military action because of Taiwan’s strong semiconductor industry were also more inclined to move. Respondents’ views about Taiwan independence, their companies’ relative dependence on China for revenue, and the likelihood of war in the next five years did not seem to differentiate movers and non-movers.

**Figure 3.3: Distinguishing between Movers and Non-movers from Taiwan**

	<b>Already Moved (%)</b>	<b>Considering Moving (%)</b>	<b>No Plans to Move (%)</b>
<b>Covid-19</b>			
Mainland China’s zero-Covid policy had an extremely negative impact on your company’s revenue.	11.0	13.3	10.9
<b>General Economic Issues</b>			
Your company has been operating less than 20 years.	50.5	61.7	65.0
Your company has less than 200 employees.	22.0	45.0	57.4
Your company is in manufacturing.	44.0	20.8	21.5
Taiwan accounted for over 25 percent of your company’s total revenue.	71.7	71.7	70.0
<b>Economic Interaction with Mainland China and Others</b>			
Mainland China accounts for over 25 percent of your company’s total revenue.	39.4	45.8	40.3
<b>Security</b>			
Agree that Beijing is less likely to take military action against Taiwan because of Taiwan’s strong semiconductor industry.	67.0	38.3	44.6

Source: Appendix.

The more recent survey, from late 2023, went one step further and directly asked only those companies that are moving or considering moving to choose the top three reasons from a long list of reasons why. Although not posed to those who did not move at all, this approach lets firms

themselves clearly explain their decision to move as opposed to looking for patterns between separate questions. As Figure 3.4 shows, this approach yields some similarities but also reveals some differences from the crosstabs.

**Figure 3.4: Why Companies Are Moving from China and Taiwan**

(% who identified the item among their top three reasons)

<i>Issue</i>	<b>From China</b>		<b>From Taiwan</b>	
	<i>%</i>	<i>Rank</i>	<i>%</i>	<i>Rank</i>
Growing labor costs	33.8	1	51.5	1
The possibility of supply chain disruptions	25.9	2	33.2	4
Change of local investment policies	25.5	3	34.9	3
The possibility of war in the Taiwan Strait	24.1	4	37.1	2
Lack of policy transparency	23.1	5	24.0	7
Existing or potential Western restrictions on technology sharing with China	21.8	6	n/a	n/a
Poor protection of intellectual property	21.3	7	21.0	9
Controlled internet environment	20.8	8	n/a	n/a
Human rights issues	20.4	9	n/a	n/a
Insufficient available skilled talent	16.2	10	30.1	5
Incentives offered by alternative locations for production	13.9	11	24.5	6
A general desire to diversify production	13.4	12	21.0	9
A general desire to reduce or eliminate commercial ties with China	13.0	13	n/a	n/a
The need to follow other companies in the same supply chain who are also moving	13.0	14	22.3	8
Covid-19 policies	8.8	15	n/a	n/a
Company reputation risks	6.9	16	n/a	n/a

Note: Those moving from China were given sixteen options; those from Taiwan were given only nine because six did not apply to that situation, and hence are identified as “n/a.”

Source: Appendix.

Four of the top five reasons concern China’s business environment, including high labor costs, the possibility of supply chain disruptions, changing investment policies, and lack of policy transparency. Although Taiwanese firms are worried about the possibility of war, that ranked fourth among the various factors affecting their decision. At the other end of the spectrum, issues



that were much less important included a general desire to diversify production or reduce ties with China, the need to follow others in the same supply chain, China's Covid-19 policies, and reputational risks.

The reasons firms gave for moving some business from Taiwan shared similarities with those moving from China but also revealed some differences. As with China, the top issue is the rising cost of labor. Other issues related to Taiwan's business environment were also cited, such as the investment environment and the possibility of supply chain disruptions. By contrast, the fear of war vaulted to second place, cited by 37.1 percent of respondents as a reason to move from the island. At the other end of the spectrum, general reasons to diversify or follow other firms in one's supply chain were cited much less often.

In short, Taiwanese firms seriously consider moving from either China or Taiwan when they believe it will make a tangible difference to their business and substantially reduce their risks, and not because of vague worries and fears.

# Diversifying, Not Decoupling

The data reflect a high degree of anxiety among Taiwanese firms, and a substantial proportion are moving some of their operations from China and Taiwan as a result. That said, it does not appear that these adjustments add up to a plan to decouple from China by entirely rerouting their supply chains, or a complete loss of interest in the Mainland Chinese market. Instead, several signs point to these changes adding up to an effort to diversify.

When asked how important various countries and regions are as economic partners for Taiwan, although the United States was most often identified as “extremely important” in both the 2022 and 2023 surveys, China’s position rose significantly in 2023. The proportion of those identifying China as an extremely important trading partner for Taiwan rose from 28.4 percent to 35.6 percent, placing it ahead of Japan, the Association of Southeast Asian Nations (ASEAN), and Europe (see Figure 4.1).

Second, as noted earlier in Figure 2.3, Taiwanese businesses still see the ECFA deal with China as the single most important agreement for expanding their international business opportunities. And in 2023, the ECFA received almost as many mentions among the top three as the CPTPP and the RCEP.

Third, a belief that India and Southeast Asia could collectively be sufficient substitutes for trade and investment ties with China is still high, but has fallen, with those answering “strongly agree” falling from 20.8 percent to 17.4 percent and those answering “somewhat agree” dropping from 44.0 percent to 39.3 percent.

**Figure 4.1: Who Are Taiwan’s Important Trading Partners?**

	Overall Score*		Extremely Important (%)	
	2022	2023	2022	2023
United States	4.0	4.0	46.5	40.8
China	3.5	3.7	28.4	35.6
Japan	3.9	3.7	31.8	31.1
ASEAN	3.6	3.6	19.6	25.2
Europe	3.6	3.4	22.1	23.9

\* Note: The overall score is the average rating given to each trading partner using a 1-5 scale. See the original question in the appendix.

Source: Kennedy, *It’s Moving Time*; and appendix.

Fourth, the ways in which the firms are moving also do not point to decoupling as the primary motivation. As noted above, Taiwanese companies that are moving or considering moving are only shifting a portion of their operations from China, most often somewhere between a quarter and a half, with very few moving more than that.

In addition, as previously mentioned, those moving display a range of regional patterns, each shaped by a distinctive rationale. Some firms are simultaneously moving some operations from China to Taiwan and from Taiwan to China, what the authors call “cross-strait reorganizers.” These firms appear to be relocating their business for China’s market entirely in China and their business for the rest of the world in Taiwan. Every company in this group believes that U.S.-China cooperation is in their interests. This group also appears more confident that Taiwan’s semiconductor industry would act as a “silicon shield” to deter Beijing from an attack but should there be a conflict, the United States would come to Taiwan’s defense. Those moving to multiple locations (“diversifiers”) also seem to be reshuffling their operations into a “China for China” strategy and “elsewhere for the world.” It is the “Southeast Asia movers” (those moving from China and Taiwan only to Southeast Asia) who are most concerned about the business environment on both sides of the Taiwan Strait and are adjusting accordingly, with companies in this group moving a higher proportion of their operations in China and Taiwan than others.

Finally, actual cross-strait trade and investment is still quite high. There’s been a reduction in China’s dominance as a destination for outbound investment but very little change in the direction of trade, with China still being the destination for a quarter of Taiwan’s exports (see Figure 4.2).

Together, these various pieces of evidence point to diversification but not abandonment of China as a location for production or as a market. Even with all of these changes, China is still an extremely important economic counterpart for Taiwan, substantially higher than the United States and far higher than Europe. There is little indication this reality will fundamentally change in the near future.

**Figure 4.2: Taiwan’s Contrasting Trade and Investment Patterns**  
 (% of Taiwan’s total)

	<b>Goods Exports</b>					<b>Outward Direct Investment</b>				
	<b>2010</b>	<b>2016</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2010</b>	<b>2016</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Mainland China	28.0	26.4	28.2	25.3	22.1	84.1	44.4	31.8	33.6	11.4
United States	11.5	12.0	14.7	15.7	17.6	2.8	1.5	2.6	7.3	36.4
Japan	6.6	7.0	6.5	7.0	7.3	0.2	20.7	12.0	0.5	0.8
South Korea	3.9	4.5	4.5	4.6	4.2	0.0	1.0	2.3	3.1	1.5
Southeast Asia	15.3	28.3	15.7	16.8	17.6	3.8	10.7	25.6	28.6	19.6
India	1.3	1.0	1.0	1.1	1.4	0.0	0.1	0.9	0.7	0.6
European Union	8.6	7.5	7.1	7.3	8.5	0.2	4.6	3.9	3.9	18.7

Source: “Import & Export Trade Statistics,” Bureau of Foreign Trade, Taiwan Ministry of Economic Affairs, <https://cuswebo.trade.gov.tw/FSC3000C?table=FSC3020F>; and “國外投資分區月資料統計” [Monthly statistics of foreign investment by region], Board of Foreign Trade and Investment Commission, Ministry of Economic Affairs, <https://data.gov.tw/dataset/32520>.

# Implications

Taiwanese industry’s anxieties about the geostrategic environment tempered slightly between mid-2022 and late 2023, yet there are still concerns about U.S.-China tensions, the possibility of war, and China’s business environment. As a result, Taiwanese companies advocate reducing dependence on China and expanding business ties with others in the region and beyond. As in 2022, Taiwanese companies are still moving some of their operations out of China and Taiwan, and they are doing so at a greater level than their counterparts from other countries. That said, they appear to be motivated by a desire to hedge their risks and diversify their regional and global production footprint, not outright decouple from China. Firms from the island still see China as a key economic partner and generally favor advancing their own capabilities instead of restricting ties as a method to handle the various security and competitive risks from across the Taiwan Strait.

These findings have important implications for policymakers in Washington, Beijing, Taipei, and elsewhere.

In the face of similar risks, the U.S. government has launched a range of initiatives to address a list of economic security concerns, including dual-use technologies, supply chain resilience, economic coercion, and human rights abuses. At the same time, U.S. industry has slowed new investment into China, while adding incremental capacity in other locales. The data from these surveys suggest that although Taiwanese firms are moving at a higher rate, they broadly recognize that interdependence with China is impossible to fully eliminate, and that while “defensive” measures are necessary, so too are “offensive” steps to advance their own competitiveness. If Washington’s approach becomes

overly focused on imposing restrictions and shifts from a goal of managing risks to decoupling, it could very well find itself out of step with Taiwan, and most likely with other like-minded partners as well.

The implications for Beijing are even more challenging. Although the Mainland's zero-Covid policies are no longer a concern, Taiwanese firms still lack sufficient confidence in China's business environment and are nervous about geostrategic tensions. Beijing has taken a variety of steps over the past two years to address the concerns of companies and investors, including from Taiwan. As a result of cross-strait political tensions, however, Beijing has increased military pressure against Taiwan, while also carrying out an investigation into Taiwan's potential violation of ECFA and imposing a variety of tailored restrictions. These steps at a minimum send a mixed signal to Taiwanese businesses and propel them to explore alternative opportunities. Beijing will need to adjust its policies if it wants to achieve progress on both political issues and economic ties.

For Taipei, the survey results suggest that policy steps to radically expand restrictions would not be welcomed by local industry, which instead still sees China as an important location for production and a large market. Although the New Southbound Policy has borne some fruit in encouraging diversification of investment to Southeast Asia and India, further steps are needed to make these destinations more credible as long-term options for global business operations. Finally, the continued anxiety about a possible war and supply chain disruptions means Taipei still must work to reassure local industry about the island's commercial environment and economic future. Strengthening their confidence is central to maintaining the island's economic vibrancy and security.

# About the Authors

**Scott Kennedy** is senior adviser and Trustee Chair in Chinese Business and Economics at the Center for Strategic and International Studies (CSIS). A leading authority on Chinese economic policy and U.S.-China commercial relations, Kennedy has been traveling to China for 36 years. Ongoing areas of focus include China's innovation drive, Chinese industrial policy, U.S.-China relations, and global economic governance. His articles have appeared in a wide array of publications, including the *New York Times*, *Wall Street Journal*, *Foreign Affairs*, *Foreign Policy*, and *China Quarterly*. Major publications include: *U.S.-China Scholarly Recoupling: Advancing Mutual Understanding in an Era of Intense Rivalry* (CSIS, March 2024); *Breaking the Ice: The Role of Scholarly Exchange in Stabilizing U.S.-China Relations* (CSIS, 2023); *China's Uneven High-Tech Drive: Implications for the United States* (CSIS, 2020); *Global Governance and China: The Dragon's Learning Curve* (Routledge, 2018); *The Fat Tech Dragon: Benchmarking China's Innovation Drive* (CSIS, 2017); and *The Business of Lobbying in China* (Harvard University Press, 2005). Kennedy hosts the China Field Notes podcast, featuring on-the-ground voices from China, and the Trustee Chair co-runs the Big Data China initiative, which introduces pathbreaking scholarly research to the policy community. From 2000-2014, Kennedy was a professor at Indiana University (IU), where he established the Research Center for Chinese Politics & Business and was the founding academic director of IU's China Office. Kennedy received a PhD in political science from George Washington University, his MA from Johns Hopkins-SAIS, and his BA from the University of Virginia.

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# Appendix

## *The Survey and Summary of Results*

### Taiwan Global Business Climate Survey

#### 臺灣全球商務問卷調查

Carried out by Qualtrics, November 3-16, 2023

Sample Size: 610 companies

#### BUSINESS OUTLOOK

##### 商務前景

##### 1. Was your company profitable in 2022?

	n	%
Yes	504	82.6
No	60	9.8
Don't know	46	7.5

貴公司在2022年是否盈利？

- 是
- 否
- 不知道

## 2. Is your company currently considering expanding investment in Taiwan?

	n	%
Yes	424	69.5
No	106	17.4
Don't know	80	13.1

貴公司是否正在考慮增加在臺灣的投資？

- 是
- 否
- 不知道

## 3. How confident are you about Taiwan's economic growth outlook over the next two years?

	n	%
Very confident	184	30.2
Somewhat confident	243	39.8
Somewhat unconfident	133	21.8
Very unconfident	40	6.6
Don't know	10	1.6

您對臺灣未來兩年的經濟成長前景有多大信心？

- 非常有信心
- 比較有信心
- 比較沒有信心
- 非常沒有信心
- 不知道

## 4. How do you regard the following as possibly negatively impacting your company's business operations and competitive positioning in the coming year? (Please rank your top three options.)

	Top 3 (n)	Top 3 (%)	Top (n)	Top (%)
Cybersecurity threats	267	43.8	79	13.0
Intellectual property rights infringements	209	34.3	49	8.0
Taiwan's exclusion from multilateral/bilateral trade pacts	374	61.3	144	23.6

	Top 3 (n)	Top 3 (%)	Top (n)	Top (%)
Spread of misinformation/ disinformation	228	37.4	59	9.7
Energy insufficiency	328	53.8	107	17.5
Talent insufficiency	424	69.5	172	28.2

下列哪些問題可能會在來年對貴公司的業務和競爭力產生負面影響?(請對您認為最重要的3個選項進行排序。)

- 網路安全威脅
- 智慧財產權被侵害
- 臺灣被排除在多邊和雙邊貿易協定外
- 假訊息傳播
- 能源短缺
- 人才短缺

#### 5. To what extent do you agree with the following statement?

*Protecting business interests is one of the top priorities of the current Taiwanese government. (On a scale of 1-5, with 1 being strongly disagree and 5 strongly agree.)*

	n	%
Strongly disagree (1)	19	3.1
Somewhat disagree (2)	39	6.4
Neither agree nor disagree (3)	126	20.7
Somewhat agree (4)	245	40.2
Strongly agree (5)	181	29.7

您對以下說法的看法如何:確保商業利益是現任台灣政府的優先考量之一。  
(請在1-5分評分表中進行選擇, 1分為非常不同意, 5分為非常同意。)

- 非常不同意
- 比較不同意
- 既不同意也不反對
- 比較同意
- 非常同意

## INTERNATIONAL ECONOMY

### 國際經濟

#### 6. Which of the following regional initiatives could be the most important to your business? (Please rank your top three options.)

	Top 3 (n)	Top 3 (%)	Top (n)	Top (%)
Cross-Straits Economic Cooperation Framework Agreement (ECFA)	315	51.6	130	21.3
Regional Comprehensive Economic Partnership (RCEP)	320	52.5	107	17.5
Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)	333	54.6	111	18.2
Digital Economy Partnership Agreement (DEPA)	280	45.9	89	14.6
Indo-Pacific Economic Framework for Prosperity (IPEF)	146	23.9	42	6.9
New Southbound Policy	173	28.4	48	7.9
Belt and Road Initiative	94	15.4	35	5.7
None of the above	48	7.9	48	7.9

下列哪些區域協作可能對貴公司在臺灣的業務最為重要？（請對您認為最重要的3個選項進行排序。）

- 海峽兩岸經濟合作海峽兩岸經濟合作架構協議(ECFA)
- 區域全面經濟夥伴關係協定(RCEP)
- 跨太平洋夥伴全面進步協定(CPTPP)
- 數位經濟夥伴關係協定(DEPA)
- 印太經濟架構(IPEF)
- 在新南向政策下與印太國家互動
- 一帶一路倡議
- 以上都不重要

#### 7. Which of the following Taiwan-U.S. engagements could be the most important to your business in Taiwan? (Please rank your top three options.)

	Top 3 (n)	Top 3 (%)	Top (n)	Top (%)
Formal Bilateral Trade Agreement	302	49.5	130	21.3
U.S.-Taiwan Double-Taxation Agreement	216	35.4	87	14.3
Trade and Investment Framework Agreement (TIFA)	299	49.0	85	13.9

	Top 3 (n)	Top 3 (%)	Top (n)	Top (%)
Technology Trade and Investment Collaboration Framework (TTIC)	302	49.5	102	16.7
Economic Prosperity Partnership Dialogue (EPPD)	299	49.0	97	15.9
U.S.-Taiwan Initiative on 21st-Century Trade	176	28.9	44	7.2
None of the above	65	10.7	65	10.7

下列哪些臺美合作對貴公司在臺灣的業務可能最為重要？(請對您認為最重要的3個選項進行排序。)

- 正式的雙邊貿易協定
- 臺美雙重課稅協定
- 貿易暨投資架構協定(TIFA)
- 科技貿易暨投資合作架構(TTIC)
- 美臺經濟繁榮夥伴對話(EPPD)
- 臺美21世紀貿易倡議
- 以上都不重要

8. How important is a U.S.-Taiwan double-taxation agreement to your business? (On a scale of 1-5, with 1 being completely unimportant, 2 slightly important, 3 important, 4 fairly important, 5 extremely important.)

	n	%
Completely unimportant (1)	45	7.4
Slightly important (2)	138	22.6
Important (3)	135	22.1
Fairly important (4)	152	24.9
Extremely important (5)	140	23.0

臺美雙重課稅協定對貴公司有多重要？(請在1-5分評分表中進行選擇, 1分為完全不重要, 5分為非常重要。)

- 完全不重要
- 有點重要
- 重要
- 相當重要
- 非常重要

**9. In your opinion, which candidate can best manage cross-strait relations?**

	n	%
Lai Ching-te	112	18.4
Hou Yu-ih	136	22.3
Ko Wen-je	188	30.8
Terry Gou	174	28.5

在您看來, 以下哪位候選人最能處理好兩岸關係?

- 賴清德
- 侯友宜
- 柯文哲
- 郭台銘

**10. In your opinion, which candidate can best manage U.S.-Taiwan relations?**

	n	%
Lai Ching-te	172	28.2
Hou Yu-ih	107	17.5
Ko Wen-je	149	24.4
Terry Gou	182	29.8

在您看來, 以下哪位候選人最能處理好臺美關係?

- 賴清德
- 侯友宜
- 柯文哲
- 郭台銘

**11. How important are each of the following countries/regions as economic partners for Taiwan? (On a scale of 1-5, with 1 being completely unimportant, 2 slightly important, 3 important, 4 fairly important, 5 extremely important.)**

	Weighted Average (Amount)	Extremely Important (n)	Extremely Important (%)
United States	3.98	249	40.8
Mainland China	3.68	217	35.6
Japan	3.70	190	31.1
ASEAN	3.57	154	25.2
Europe	3.41	146	23.9

下列國家或地區作為臺灣的經濟夥伴有多重要?(請按照重要程度從1-5進行評分:1為完全不重要, 2為有點重要, 3為重要, 4為相當重要, 5為非常重要。)

- 美國
- 中國大陸
- 日本
- 東協地區(ASEAN)
- 歐洲

**12. To what extent do you agree with the following statements about U.S.-China relations? (On a scale of 1-5, with 1 being strongly disagree and 5 strongly agree.)**

您對下列關於中美關係的說法是否同意?(請在1-5分評分表中進行選擇, 1分為非常不同意, 5分為非常同意。)

*Cooperative U.S.-China relations are in your company's interest.*

	n	%
Strongly disagree (1)	17	2.8
Somewhat disagree (2)	17	2.8
Neither agree nor disagree (3)	160	26.2
Somewhat agree (4)	209	34.3
Strongly agree (5)	207	33.9

良好的中美關係符合貴公司的利益。

- 非常不同意
- 比較不同意
- 既不同意也不反對
- 比較同意
- 非常同意

*There will be some sort of military conflict in U.S.-China relations within the next five years.*

	n	%
Strongly disagree (1)	109	17.9
Somewhat disagree (2)	125	20.5
Neither agree nor disagree (3)	204	33.4
Somewhat agree (4)	98	16.1
Strongly agree (5)	74	12.1

未來5年內中美之間會有軍事衝突。

- 非常不同意

- 比較不同意
- 既不同意也不反對
- 比較同意
- 非常同意

## CROSS-STRAIT RELATIONS AND BUSINESS

### 兩岸經貿關係

**13. There are debates regarding the future of Taiwan. Some people argue Taiwan should pursue unification with the other side of the strait, while others argue Taiwan should pursue its own independence. What's your view on this matter?**

	n	%
Taiwan independence	85	13.9
Status quo	357	58.5
Unification	152	24.9
No opinion	16	2.6

國內對於臺灣前途問題有很多辯論,有人認為「兩岸統一」比較好,也有人認為「台灣獨立」比較好。請問您的意見是怎樣?

- 臺灣獨立
- 維持現狀
- 兩岸統一
- 沒意見

**14. What percentage of your company's total revenues did China account for in 2022?**

	n	%
<10%	199	32.6
10-25%	180	29.5
26-35%	108	17.7
36-50%	89	14.6
>50%	34	5.6

2022年貴公司在中國大陸的營收佔總營收的比例如何?

- 小於10%
- 10-25%
- 26-35%
- 36-50%
- 50%以上



**15. What impact did Mainland China’s zero-Covid policy have on your company’s revenue?**

	n	%
Very negative	63	10.3
Somewhat negative	215	35.2
No impact	184	30.2
Somewhat positive	97	15.9
Very positive	51	8.4

中國大陸的新冠清零政策對貴公司的營收產生了何種影響？

- 非常負面
- 比較負面
- 沒有影響
- 比較正面
- 非常正面

**16. Does your company have investment in Mainland China?**

	n	%
Yes	376	61.6
No	191	31.3
Don’t know	43	7.0

貴公司是否在中國大陸有投資？

- 是
- 否
- 不知道

**17. Is your company considering or has started relocating production outside of Mainland China? (Only those who answered YES in Q16 can answer this question, N=376.)**

	n	%
Yes, and we have started the process	129	34.3
Yes, we are considering or making plans	87	23.1
No	143	38.0
Don’t know	11	2.9
Not applicable	6	1.6

貴公司是否正在考慮或已經開始將製造從中國大陸轉移到其他地方？

- 是的, 我們已開始將製造轉移出中國大陸
- 是的, 我們在考慮但還未採取任何措施將製造轉移出中國大陸
- 不, 我們沒有打算將製造轉移出中國大陸
- 不知道
- 不適用

**18. What percentage of production capacity is your company moving or planning to move from China? (Only those who answered YES in Q17 can answer this question, N=216.)**

	n	%
0-10%	19	8.8
11-25%	65	30.1
26-50%	85	39.4
51-75%	30	13.9
76-100%	17	7.9

貴公司已經或正在計劃將多少產能從中國大陸轉移出去？

- 0-10%
- 11-25%
- 26-50%
- 51-75%
- 76-100%

**19. If your company has moved or is considering moving some production from China, what are the top three reasons for moving? (Only those who answered YES in Q17 can answer this question, N=216.)**

	Top 3 (n)	Top 3 (%)
Growing labor costs	73	33.8
Insufficient available skilled talent	35	16.2
The possibility of supply chain disruptions	56	25.9
Poor protection of intellectual property	46	21.3
Existing or potential Western restrictions on technology sharing with China	47	21.8
The possibility of a war in the Taiwan Strait	52	24.1
Incentives offered by alternative locations for production	30	13.9

	Top 3 (n)	Top 3 (%)
The need to follow other companies in the same supply chain who are also moving	28	13.0
Change of local investment policies	55	25.5
Lack of policy transparency	50	23.1
Covid-19 policies	19	8.8
Company reputation risks	15	6.9
Controlled internet environment	45	20.8
Human rights issues	44	20.4
A general desire to diversify production	29	13.4
A general desire to reduce or eliminate commercial ties with China	28	13.0
Other (please specify)	57	26.4

如果貴公司正在考慮或已經開始將製造從中國大陸轉移到其他地方, 那麼轉移的最重要的三個原因是什麼:

- 不斷增長的勞動力成本
- 可用的技術人才不足
- 供應鏈中斷的可能性
- 對智慧財產權的保護不力
- 西方對與中國共用技術的現有或潛在限制
- 臺灣海峽發生戰爭的可能性
- 其他生產地點提供的激勵措施
- 需要跟隨同一供應鏈上的其他公司一起轉移
- 當地投資政策的變化
- 缺少政策透明度
- Covid-19政策
- 公司聲譽風險
- 受控的網路環境
- 人權問題
- 普遍希望實現生產多樣化
- 普遍希望減少或消除與中國的商業聯繫
- 其他 (請註明):

**20. Where is your company moving the capacity in Mainland China to? (Choose all that apply.) (Only those who answered YES in Q17 can answer this question, N=216.)**

	n	%
Taiwan	101	46.8
Northeast Asia (Japan and South Korea)	48	22.2
ASEAN	110	50.9
South and Central Asia	67	31.0
Australia, New Zealand, and other Oceania countries	21	9.7
Africa	12	5.6
Latin America	10	4.6
North America	16	7.4
Europe	10	4.6
Other (please specify)	22	10.2

貴公司選擇將在中國大陸之產能轉移到哪裡?(請選擇所有適用的選項。)

- 臺灣
- 東北亞 (日本或南韓)
- 東協地區 (ASEAN)
- 南亞及中亞
- 澳大利亞、紐西蘭及大洋洲其他國家
- 非洲
- 拉丁美洲
- 北美
- 歐洲
- 其他地區(請註明):

**21. Is your company considering, or has it already begun the process of, relocating production outside of Taiwan?**

	n	%
Yes, and we have started the process	109	17.9
Yes, we are considering or making plans	120	19.7
No	303	49.7
Don't know	31	5.1
Not applicable	47	7.7

貴公司是否正在考慮或已經開始將製造從台灣轉移出去？

- 是的, 我們已開始將製造轉移出台灣
- 是的, 我們在考慮但還未採取任何措施將製造轉移出台灣
- 不, 我們沒有打算將製造轉移出台灣
- 不知道
- 不適用

**22. What percentage of capacity is your company moving or planning to move from Taiwan? (Only those who answered YES in Q21 can answer this question, N=229.)**

	n	%
0-10%	32	14.0
11-25%	84	36.7
26-50%	71	31.0
51-75%	24	10.5
76-100%	18	7.9

貴公司已經或正在計劃將多少產能從台灣轉移出去？

- 0-10%
- 11-25%
- 26-50%
- 51-75%
- 76-100%

**23. If your company has moved or is considering moving some production from Taiwan, what are the top three reasons for moving? (Only those who answered YES in Q21 can answer this question, N=229.)**

	Top 3 (n)	Top 3 (%)
Growing labor costs	118	51.5
Insufficient available skilled talent	69	30.1
The possibility of supply chain disruptions	76	33.2
Poor protection of intellectual property	48	21.0
The possibility of a war in the Taiwan Strait	85	37.1
Incentives offered by alternative locations for production	56	24.5
The need to follow other companies in the same supply chain who are also moving	51	22.3

	Top 3 (n)	Top 3 (%)
Change of local investment policies	80	34.9
Lack of policy transparency	55	24.0
A general desire to diversify production	48	21.0
Other (please specify)	96	41.9

如果貴公司正在考慮或已經開始將製造從臺灣轉移到其他地方,那麼轉移的最重要的三個原因是什麼:

- 不斷增長的勞動力成本
- 可用的技術人才不足
- 供應鏈中斷的可能性
- 對智慧財產權的保護不力
- 臺灣海峽發生戰爭的可能性
- 其他生產地點提供的激勵措施
- 需要跟隨同一供應鏈上的其他公司一起轉移
- 當地投資政策的變化
- 缺少政策透明度
- 普遍希望實現生產多樣化
- 其他 (請註明):

**24. Where is your company moving the production capacity in Taiwan to? (Choose all that apply.) (Only those who answered YES in Q21 can answer this question, N=229.)**

	n	%
Mainland China	72	31.4
Northeast Asia (Japan and South Korea)	57	24.9
ASEAN	112	48.9
South and Central Asia	57	24.9
Australia, New Zealand, and other Oceania countries	22	9.6
Africa	11	4.8
Latin America	8	3.5
North America	21	9.2
Europe	16	7.0
Other (please specify)	22	9.6

貴公司選擇將在台灣之產能轉移到哪裡?(請選擇所有適用的選項。)

- 中國大陸
- 東北亞 (日本或南韓)
- 東協地區 (ASEAN)

- 南亞及中亞
- 澳大利亞、紐西蘭及大洋洲其他國家
- 非洲
- 拉丁美洲
- 北美
- 歐洲
- 其他地區 (請註明):

**25. What would be the single most important measure to protect Taiwan's technology advantages?**

	n	%
Rigorous export controls on dual-use (civilian and military) technologies	85	13.9
Inward investment restrictions (Mainland China into Taiwan)	70	11.5
Outward investment restrictions (Taiwan into Mainland China)	66	10.8
Restrictions on Taiwanese employees working for Chinese high-tech companies	67	11.0
Expand R&D spending in Taiwan	231	37.9
Expand the number of S&T university and post-university STEM graduates in Taiwan	91	14.9

為保護臺灣的技術優勢, 您認為最重要的一項措施是什麼?

- 對兩用(民用和軍用)技術進行嚴格的出口管制
- 對內投資的限制(中國大陸向臺灣的投資)
- 對外投資的限制(臺灣向中國大陸的投資)。
- 限制臺灣員工為中國大陸高科技公司工作
- 增加臺灣的研發支出
- 增加臺灣科技大學數量和大學及以上理工科技專業畢業生的數量

**26. To what extent do you agree with the following statements? (On a scale of 1-5, with 1 being strongly disagree and 5 strongly agree.)**

您對下列說法是否同意? (請在1-5分評分表中進行選擇, 1分為非常不同意, 5分為非常同意。)

*Taiwan needs to reduce its economic dependence on Mainland China.*

	n	%
Strongly disagree (1)	20	3.3
Somewhat disagree (2)	40	6.6

	n	%
Neither agree nor disagree (3)	142	23.3
Somewhat agree (4)	236	38.7
Strongly agree (5)	172	28.2

臺灣應減輕對中國大陸的經濟依賴。

- 非常不同意
- 比較不同意
- 既不同意也不反對
- 比較同意
- 非常同意

*Taiwan should expand its restrictions on high-tech trade and investment with Mainland China.*

	n	%
Strongly disagree (1)	27	4.4
Somewhat disagree (2)	69	11.3
Neither agree nor disagree (3)	173	28.4
Somewhat agree (4)	214	35.1
Strongly agree (5)	127	20.8

臺灣應擴大對中國大陸高科技的貿易和投資限制。

- 非常不同意
- 比較不同意
- 既不同意也不反對
- 比較同意
- 非常同意

*Southeast Asia and India are sufficient substitutes for both Taiwan's exports to and investment with Mainland China.*

	n	%
Strongly disagree (1)	46	7.5
Somewhat disagree (2)	65	10.7
Neither agree nor disagree (3)	153	25.1
Somewhat agree (4)	240	39.3
Strongly agree (5)	106	17.4

東南亞和印度可以在臺灣對外出口和投資方面取代中國大陸。



- 非常不同意
- 比較不同意
- 既不同意也不反对
- 比較同意
- 非常同意

*Beijing is less likely to take military action against Taiwan because of Taiwan's leading strengths in semiconductor manufacturing.*

	n	%
Strongly disagree (1)	44	7.2
Somewhat disagree (2)	99	16.2
Neither agree nor disagree (3)	189	31.0
Somewhat agree (4)	175	28.7
Strongly agree (5)	103	16.9

因為臺灣擁有領先的半導體製造能力, 所以北京對臺採取軍事行動的可能性比較低。

- 非常不同意
- 比較不同意
- 既不同意也不反对
- 比較同意
- 非常同意

*The United States and others will send troops to defend Taiwan in the case of a war with Mainland China because of Taiwan's leading strengths in semiconductor manufacturing.*

	n	%
Strongly disagree (1)	88	14.4
Somewhat disagree (2)	61	10.0
Neither agree nor disagree (3)	163	26.7
Somewhat agree (4)	193	31.6
Strongly agree (5)	105	17.2

因為臺灣擁有領先的半導體製造能力, 如果中國大陸出兵攻打台灣, 美國和他國家會派兵協防台灣。

- 非常不同意
- 比較不同意
- 既不同意也不反对
- 比較同意
- 非常同意

## YOUR COMPANY'S STATUS

### 貴公司概況

#### 27. Which of the following industries best describes your principal business in Taiwan?

	n	%
Agriculture	64	10.5
Industry	285	46.7
Service	224	36.7
Other (please specify)	37	6.1

貴公司在臺灣的主要業務屬於下列哪個產業？

- 農業
- 工業
- 服務業
- 其他 (請註明):

#### 28. Which of the following industrial classifications best describes your principal business in Taiwan? (Choose all that apply.)

	n	%
Agriculture, forestry, fishing, and animal husbandry	19	3.1
Mining and quarrying	14	2.3
Manufacturing	153	25.1
Electricity and gas supply	18	3.0
Water supply and remediation	11	1.8
Construction	34	5.6
Wholesale and retail trade	74	12.1
Transportation and storage	36	5.9
Accommodation and food service	28	4.6
Publishing, audio and video production, broadcasting, information, and communication	25	4.1
Finance and insurance	61	10.0
Real estate	8	1.3
Professional, scientific, and technical service	108	17.7
Support service	24	3.9

	n	%
Public administration and defense; compulsory social security	20	3.3
Education	23	3.8
Human health and social work	25	4.1
Arts, entertainment, and recreation	35	5.7
Other services (please specify)	13	2.1

貴公司在臺灣的主要業務屬於下列哪個產業? (請選擇所有適用的選項。)

- 農、林、漁、牧業
- 礦業及土石採取業
- 製造業
- 電力及燃氣供應業
- 用水供應及污染整治業
- 營建工程業
- 批發及零售業
- 運輸及倉儲業
- 住宿及餐飲業
- 出版影音及資通訊業
- 金融及保險業
- 不動產業
- 專業、科學及技術服務業
- 支援服務業
- 公共行政及國防;強制性社會安全
- 教育業
- 醫療保健及社會工作服務業
- 藝術、娛樂及休閒服務業
- 其他服務業 (請註明)

**29. Which of the following best describes your company's primary activity in Taiwan?  
(Choose all that apply.)**

	n	%
Research and development	162	26.6
Manufacture for domestic market	150	24.6
Manufacture for export	154	25.2
Sales and distribution	167	27.4
Provision of services	200	32.8

	n	%
Local/regional procurement	82	13.4
Other (please specify)	5	0.8

下列哪個選項最符合對貴公司在臺灣主要活動的描述?(請選擇所有適用的選項。)

- 研發
- 針對國內市場的製造
- 針對出口市場的製造
- 銷售
- 服務
- 地方或區域採購
- 其他 (請註明)

**30. Approximately how many full-time-equivalent employees does your business have in Taiwan?**

	n	%
0-5	55	9.0
6-20	51	8.4
21-200	206	33.8
201-1,000	170	27.9
1,001+	128	21.0

貴公司在臺灣的全職員工人數大約是多少?

- 0-5
- 6-20
- 21-200
- 201-1,000
- 1,001+

**31. Where is your company's headquarters?**

	n	%
Taiwan	558	91.5
Mainland China	18	3.0
Northeast Asia (Japan and South Korea)	13	2.1
ASEAN	3	0.5
South and Central Asia	2	0.3

	n	%
Australia, New Zealand, and other Oceania countries	2	0.3
Africa	2	0.3
North America	7	1.1
Europe	5	0.8

貴公司的總部位於何處？

- 臺灣
- 中國大陸
- 東北亞 (日本或南韓)
- 東協地區
- 南亞或中亞
- 澳大利亞、紐西蘭及大洋洲其他國家
- 非洲
- 拉丁美洲
- 北美
- 歐洲

### 32. How many years has your company been operating?

	n	%
Less than 5 years	48	7.9
5-10 years	164	26.9
11-20 years	158	25.9
21-30 years	104	17.0
More than 30 years	136	22.3

貴公司經營了多長時間？

- 少於5年
- 5-10年
- 11-20年
- 21-30年
- 超過30年

### 33. What percentage of your company's global revenues did Taiwan account for in 2022?

	n	%
<10%	105	17.2
10%-25%	80	13.1
26%-35%	104	17.0
36%-50%	115	18.9
51%-75%	66	10.8
>75%	93	15.2
Don't know	47	7.7

在2022年,貴公司在臺灣的運營收入佔全球收入的比重是多少?

- 小於10%
- 10%-25%
- 26%-35%
- 36%-50%
- 51%-75%
- 75% 以上
- 不知道

### 34. What is your position at your company?

	n	%
Senior-level manager (e.g., CEO, Chairman, VP, Managing Director, Chief Representative)	244	40.0
Director of government relations or public relations department	33	5.4
Director/functional leader of other departments (e.g., HR Director, Finance Director, Sales Director, COO)	273	44.8
Other (please specify)	60	9.8

您在公司擔任何種職位?

- 高層管理人員(例如:CEO, 董事, VP, 總經理, 首席代表等)
- 政府關係或公共關係部門主管
- 其他部門主管(例如:人力資源, 財務, 銷售, 營運長等)
- 其他 (請註明)

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