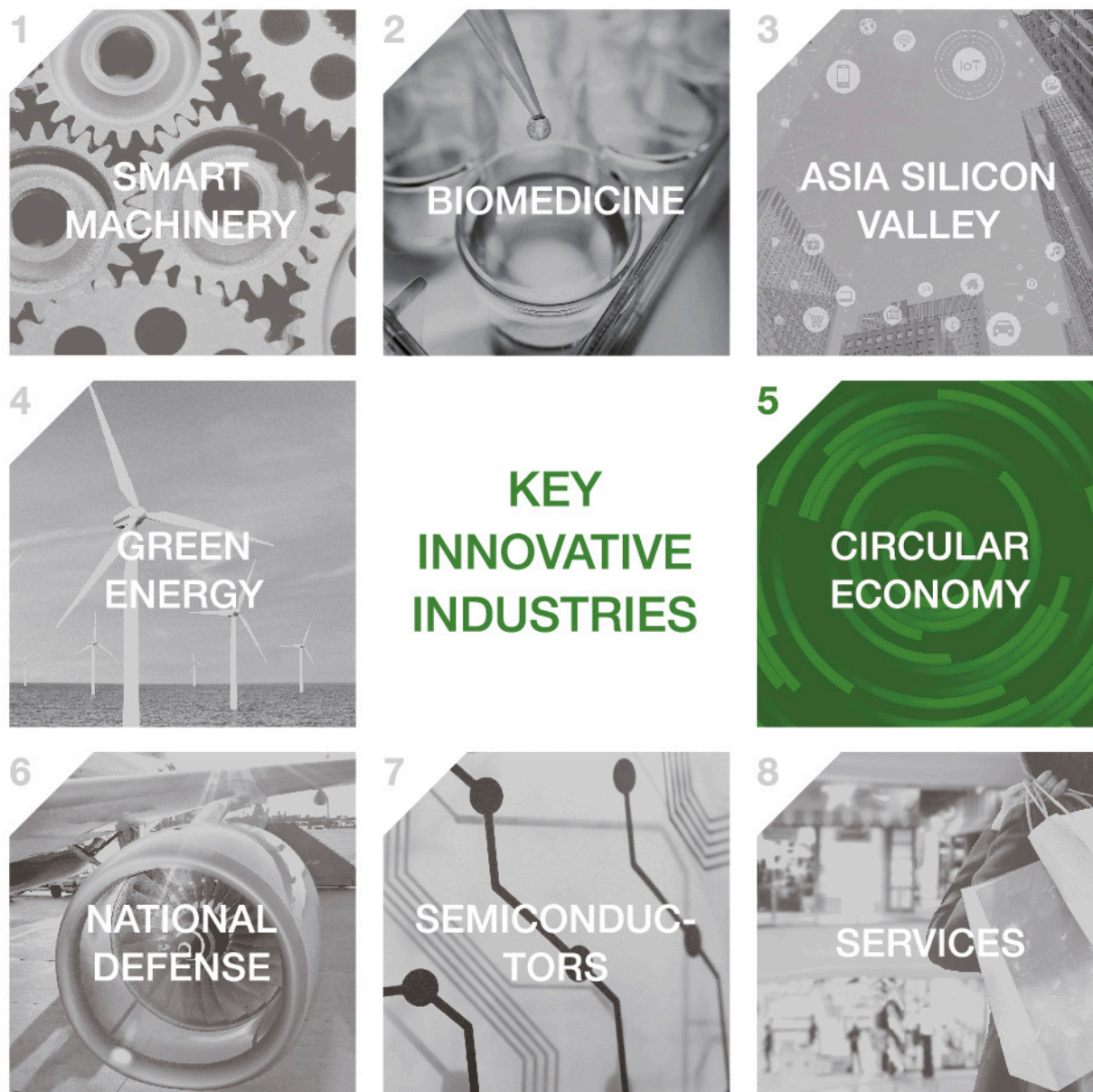




TAIWAIN

KEY INNOVATIVE INDUSTRY —
CIRCULAR ECONOMY



To stimulate economic growth and create new momentum for industrial development, since 2016 the government has been actively promoting the “5+N Innovative Industries” development program including the smart machinery, biomedicine, Asia Silicon Valley (Internet of Things), green energy, national defense, and circular economy industries, plus advanced semiconductors and other key industries.

TAX AND TARIFF INCENTIVES

- Business income tax rate is **17%**.
- Up to **15%** of R&D expenses may be credited against the profit-seeking enterprise income tax payable by the company in the current year.
- Imported machinery that is not yet manufactured domestically may enjoy tariff-free treatment.
- Royalty payments to foreign companies for imported new production technologies or products that use patents, copyrights, or other special rights owned by foreign companies are, with the approval of the Ministry of Economic Affairs, exempt from the business income tax.
- For operators stationed in Export Processing Zones, Science Parks, Free Trade Zones and Agricultural Biotechnology Park, imported raw materials, fuel, materials, semi-processed goods, and self-use machinery may be exempt from import duty, commodity tax, and sales tax. The business tax rate in such areas is zero on goods and services shipped abroad.

R&D SUBSIDIES

- **Global Innovation and R&D Partnership Plan**
Subsidies are available for up to **50%** of total spending by foreign enterprises on the establishment of R&D centers in Taiwan.
- **Advanced Technology Research Plan**
Subsidies are available for **40%** to **50%** of total development funding for new technologies that are not yet mature in Taiwan and that will, in the future, generate strategic products, services, or industries.
- **Integrated R&D Plan**
Subsidies are available for **40%** to **50%** of total project cost for the integration of key and cross-sector technologies.
- **Industrial Upgrading and Innovation Program**
For companies having R&D teams in Taiwan, subsidies are available for **40% - 50%** of project funding for projects that conform to government programs and up to **40%** of funding for projects generated by the applicants themselves.



POLICY FOCUS

- Circular Economy**

With the advantage of Taiwan’s comprehensive industrial clusters, the waste management system will be reforme and application technology for the circular economy will be developed so as to reduce the negative impact on the environment caused in the process of utilizing resources, as well as to improve the efficiency of resource and energy use. This can help achieve the goals of balancing the economy, stabilizing development, and minimizing the burden on the environment.

- Government-led development of a circular economy**

In Taiwan, the government has established a resource recycling system with the enactment of the “Waste Disposal Act” and the “Resource Recycling Act”, thereby authorizing the competent authorities for the different industries todraft related rules and regulations

governing industrial waste and resource recycling.

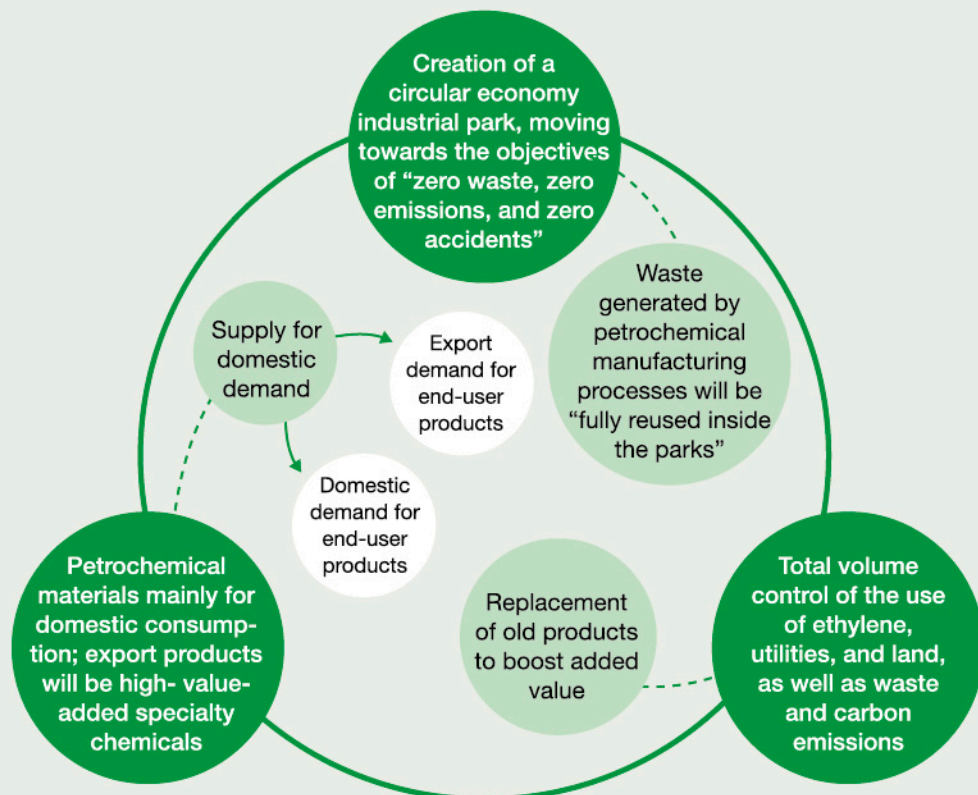
- “Program for Application to Set Up in New Materials Cycling Industrial Parks”**

The government has a plan to establish a new materials cycling industrial park in Kaohsiung City as the site for the development of new materials to promote research and development of high-value-added new green materials.

- “Nationwide Dedicated Sites for Circular Economy Pilot Projects”**

For the effective launch of the circular economy, the government has plans to establish a number of test sites for circular economy pilot projects with the aim of eventual nationwide dissemination cross-industry application.

Circular Economy Industrial Park Concept



INVESTMENT ENVIRONMENT

- **Comprehensive industrial clustering**

With a complete ecology of industrial chains and clusters, Taiwan is an ideal place for energy and resource integration technologies and waste recycling.

- **Promotion of energy and resource integration in industrial parks**

Taiwan spares no effort in promoting resource integration at industrial parks. especially the Kaohsiung Linhai Industrial Park which is focusing on the integration of energy and resources in the metal manufacturing, chemical and shipbuilding industries. The annual linkage volume has reached 2,000,000 metric tons, with fuel savings of 122,000 kiloliters, and carbon emissions reductions of 378,000 metric tons.

- **Booming development of key industries such as semiconductors and optoelectronics**

Taiwan is a vital global base for the research, development and manufacturing of optoelectronics and semiconductors. Some of the wastes generated from the production processes of these industries can be recycled and reused in the original processes and some can be regenerated as alternative materials for cement, steel, and chemical production.

- **Sound intellectual property protection**

Taiwan's intellectual property framework is in line with international standards and has designated prosecutors and courts for handling intellectual property-related cases to safeguard intellectual property rights.

Industry Clustering in Taiwan



A. Taipei City

Petroleum and Coal Product Manufacturing
Construction Engineering

B. New Taipei City

Printing and Material Storage Media Reproduction
Computers, Electronics and Optical Products Manufacturing
Apparel and Accessories Manufacturing

C. Taoyuan City

Beverage Manufacturing
Industrial Use Machinery Equipment and Installation
Automobile and Auto Parts Manufacturing

D. Hsinchu City

Electronic Components Manufacturing
Electricity and Gas Supply
Computers, Electronics and Optical Products Manufacturing

E. Hsinchu County

Pharmaceutical and Medical
Chemical Manufacturing
Rubber Product Manufacturing

F. Miaoli County

Electronic Components Manufacturing
Paper Pulp, Paper and Paper Product Manufacturing

I. Nantou County

Beverage Manufacturing
Paper Pulp, Paper and Paper Product Manufacturing
Wood and Bamboo Product Manufacturing

G. Taichung City

Water Supply
Machinery and Equipment Manufacturing
Other Transport Vehicle and Parts Manufacturing

H. Changhua County

Leather and Fur Product Manufacturing
Rubber Product Manufacturing

J. Yunlin County

Chemical Materials Manufacturing
Wastewater Treatment
Wood and Bamboo Product Manufacturing

K. Chiayi City

Construction and Engineering
Wood and Bamboo Product Manufacturing
Civil Engineering

L. Chiayi County

Non-Metal Mineral Product Manufacturing
Furniture Manufacturing
Wood and Bamboo Product Manufacturing

M. Tainan City

Foodstuff Manufacturing
Automobile and Auto Parts Manufacturing
Basic Metal Manufacturing

N. Kaohsiung City

Pollution Remediation
Basic Metal Manufacturing
Water Supply

O. Pingtung County

Automobile and Auto Parts Manufacturing
Foodstuffs Manufacturing
Wood and Bamboo Products Manufacturing

P. Taidong County

Water Supply
Civil Engineering
Specialized Construction

Q. Hualien County

Non-Metal Mineral Product Manufacturing
Electricity and Gas Supply
Civil Engineering

R. Yilan County

Wood and Bamboo Products Manufacturing
Electricity and Gas Supply
Non-Metal Mineral Product Manufacturing

S. Keelung City

Industrial Use Machinery
Equipment Maintenance and Installation
Specialized Construction
Civil Engineering

INVESTMENT OPPORTUNITIES

Developing Business Opportunities in the New Materials Market

The government is promoting green production processes by introducing smart production to create environmentally friendly, safe, and high-added-value products, and to develop high-value new materials and environmentally friendly low-carbon new materials. International enterprises are welcome to invest in Taiwan for joint ventures, technology transfer, or joint development for advancement into the new materials market in the Asia-Pacific region.

Outstanding Site for Enterprise Development

In accordance with the “Program for Application to Set Up in Nationwide Dedicated Sites for Circular

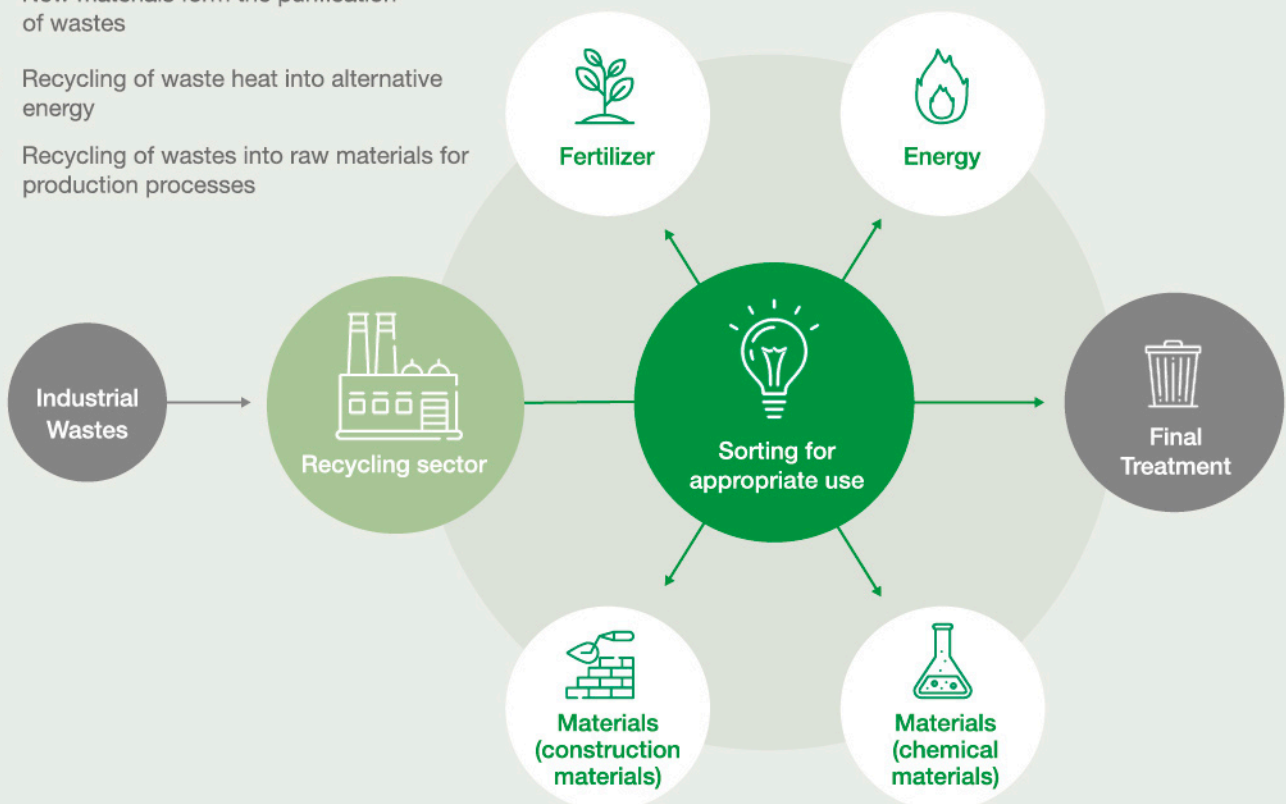
Economy Pilot Projects”, the government will set up a “Circular Economy Industrial Park” as a long-term task aimed at providing international enterprises with an all-new site for the development of high-value green materials.

Business Opportunities in the Purification of Wastes from High-Tech Production Processes

Taiwan is a vital global base for the export of high-tech parts and components and generates large quantities of chemicals and other wastes from high-tech production processes every year. These chemicals and wastes can be purified or refined for recycling, presenting ideal opportunities for international enterprises with related technological know-how to invest in Taiwan.

Business Opportunities in Taiwan Under the Circular Economy

- New materials form the purification of wastes
- Recycling of waste heat into alternative energy
- Recycling of wastes into raw materials for production processes



- **Major Foreign Investors in Taiwan:**

The Japanese firms JX Nippon Mining & Metals and Tanaka Precious Metals have invested in the recycling of gold, silver, copper, iron and other metals, while Nippon Refine and the World Resources Company of the U.S. have invested in the recycling of copper, nickel and zinc. Giant Bicycles operates the public bike rental system YouBike, providing environmentally friendly transportation services. The Singtex Industrial Co. produces functional fabrics made from coffee-ground fibers. The Taiwan Semiconductor Manufacturing Company (TSMC) captures and reuses 95% of its waste products. Far Eastern New Century uses recycled polyester bottles to produce high-quality sports apparel.

YouBike – Over 100 Million Bike Rentals



Turning Coffee Grounds Into Black Gold



TSMC Recycles 95% of All Its Waste



Eco-friendly Sports Apparel



DEPARTMENT OF INVESTMENT SERVICES, MINISTRY OF ECONOMIC AFFAIRS (INVESTAIWAN SERVICE CENTER)

As the one-stop window for the promotion of FDI and the provision of investment services in Taiwan, DOIS provides investors with all necessary assistance during the investment process. Its services include information gathering, investment evaluation, partner finding and matchmaking, and access to water, electricity and land in the beginning stage of the investment process; application for permits and incentives during the investment implementation period; and the elimination of operational obstacles, assistance for the expansion of operational scale, and help for the implementation of new startup investments after the investment process is completed. For investment projects in excess of NT\$500 million, DOIS provides special courtesy services by designated project managers.

Department of Investment Services, Ministry of Economic Affairs

Add : 8F, No. 71, Guanqian Rd., Taipei City, Taiwan
Tel : +886-2-2389-2111
Fax : +886-2-2382-0497
E-mail : dois@moea.gov.tw
Website : <http://www.dois.moea.gov.tw>

InvesTaiwan Service Center

Add : 8F, No. 1, Xiangyang Rd., Taipei City, Taiwan
Tel : +886-2-2311-2031
Fax : +886-2-2311-1949
E-mail : service@invest.org.tw
Website : <http://investtaiwan.nat.gov.tw>