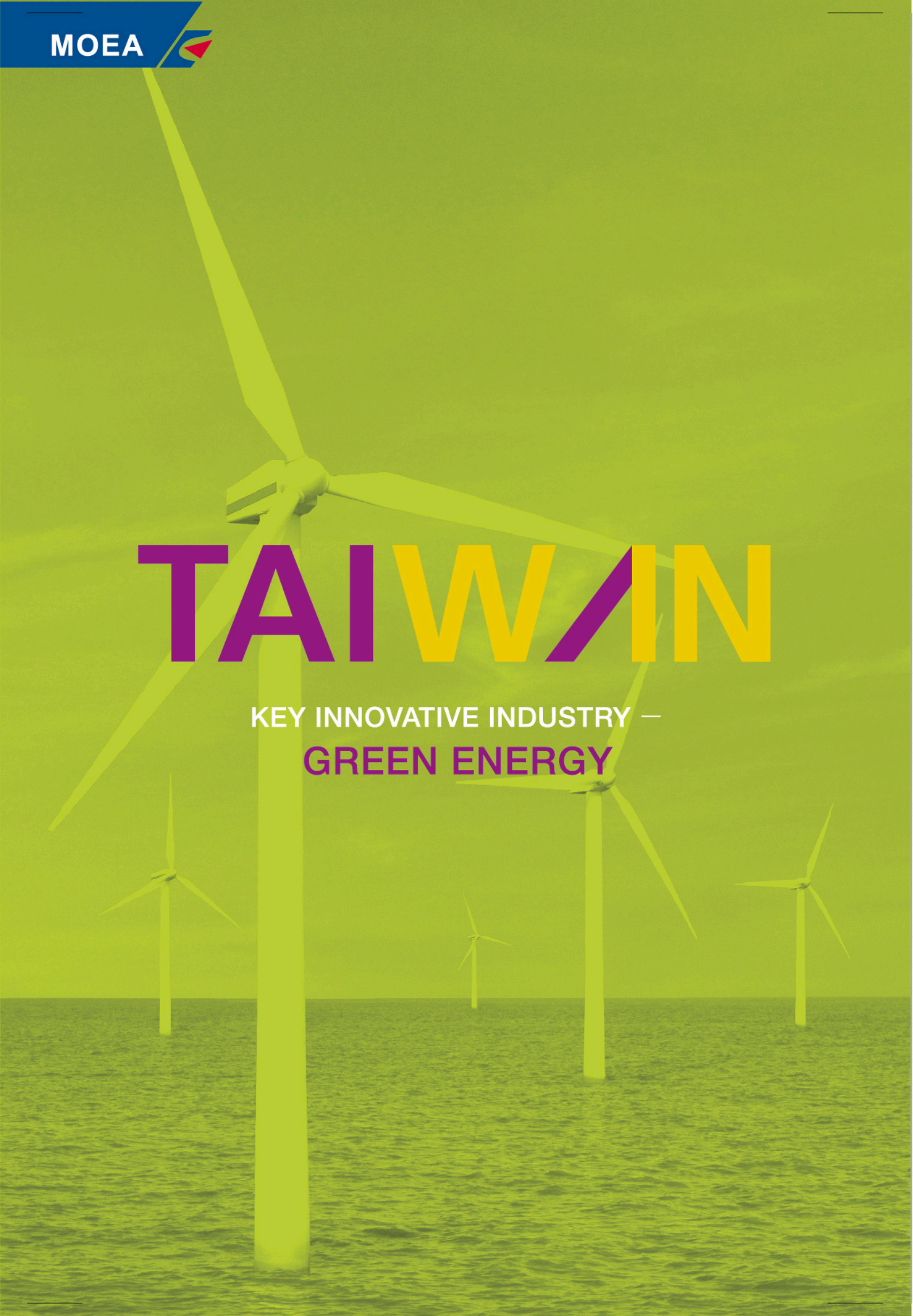


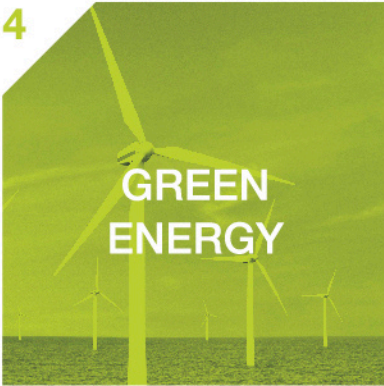
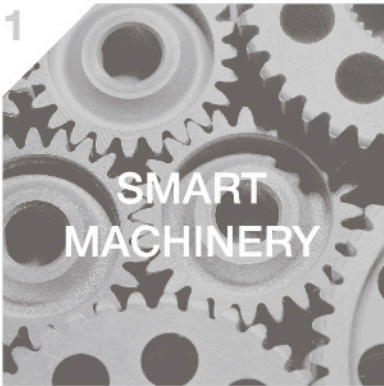
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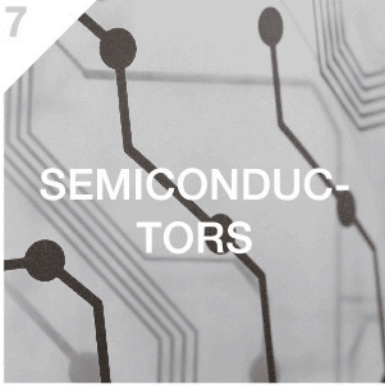
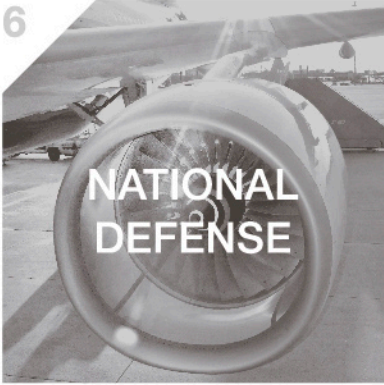
TAIWAN

KEY INNOVATIVE INDUSTRY —
GREEN ENERGY





**KEY
INNOVATIVE
INDUSTRIES**



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 and Free Trade Zones, 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

- **Green Energy**

Green energy policies are focused on using energy generation, energy storage, energy conservation, and smart systems integration to provide a stable supply of energy, developing green-energy generation, and assuring sustainable operation and carbon reduction so as to achieve energy security, a green economy, and environmental sustainability.

- **Achieving a Non-Nuclear Homeland by 2025**

The government has established the vision of a non-nuclear homeland by 2025 and aims to boost the share of green energy in total electricity generation from 4.8% in 2016 to 20% in 2025.

- **Photovoltaic and Wind Power will be Key Investment Areas**

A 2-year plan for photovoltaic energy and a 4-year plan for wind power will be launched to stimulate the development of related industries. Taiwan's photovoltaic capacity is targeted to reach 20GW and installed wind power capacity to reach 4.2GW by 2025.

- **Construction of the Shalun Green Energy Science City**

Construction of the Shalun Green Energy Science City is a key goal of green energy policy. The building of this green science city will stimulate the development of a creative environment for industrial innovation and help integrate development in four key areas: energy conservation, energy generation, energy storage, and smart systems.

Forecast Installed Green Energy Capacity, 2017-2025

Unit: MW

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Photovoltaic	2,062	3,000	4,500	6,500	8,750	11,250	14,000	17,000	20,000
Onshore wind	704	737	750	800	835	925	1,015	1,105	1,200
Offshore wind	16	184	352	520	1,016	1,512	2,008	2,504	3,000
Thermal	0	1	5	21	50	150	160	170	180
Biomass	741	742	745	752	760	768	774	781	787
Hydroelectric	2,089	2,089	2,091	2,094	2,097	2,100	2,110	2,120	2,130
Fuel cell	0	8	15	22.5	30	38	45	53	60
Total	5,623	6,796	8,524	10,860.5	13,675	16,796	20,165	23,792	27,423

INVESTMENT ENVIRONMENT

- **Unique Geographic Advantage**

According to a survey conducted by 4C Offshore, an international offshore energy consultancy, Taiwan has abundant potential offshore wind energy with some of the world's best wind-power resources being located in the Taiwan Strait.

- **Support from Semiconductor and Optoelectronic Industry Chains**

Taiwan is a world leader among manufacturers of photovoltaic cells. In other sectors of the industry, including current inverters and storage systems, Taiwan could build up these high-tech industries through transnational cooperation.

- **The Ideal Green Energy Demonstration Site**

The Shalun Green Energy Science City will create an ecosystem for the nurturing of green energy innovation by building up an integrated up-, mid-, and downstream industrial chain that encompasses everything from a joint green energy technology R&D center and green energy technology demo

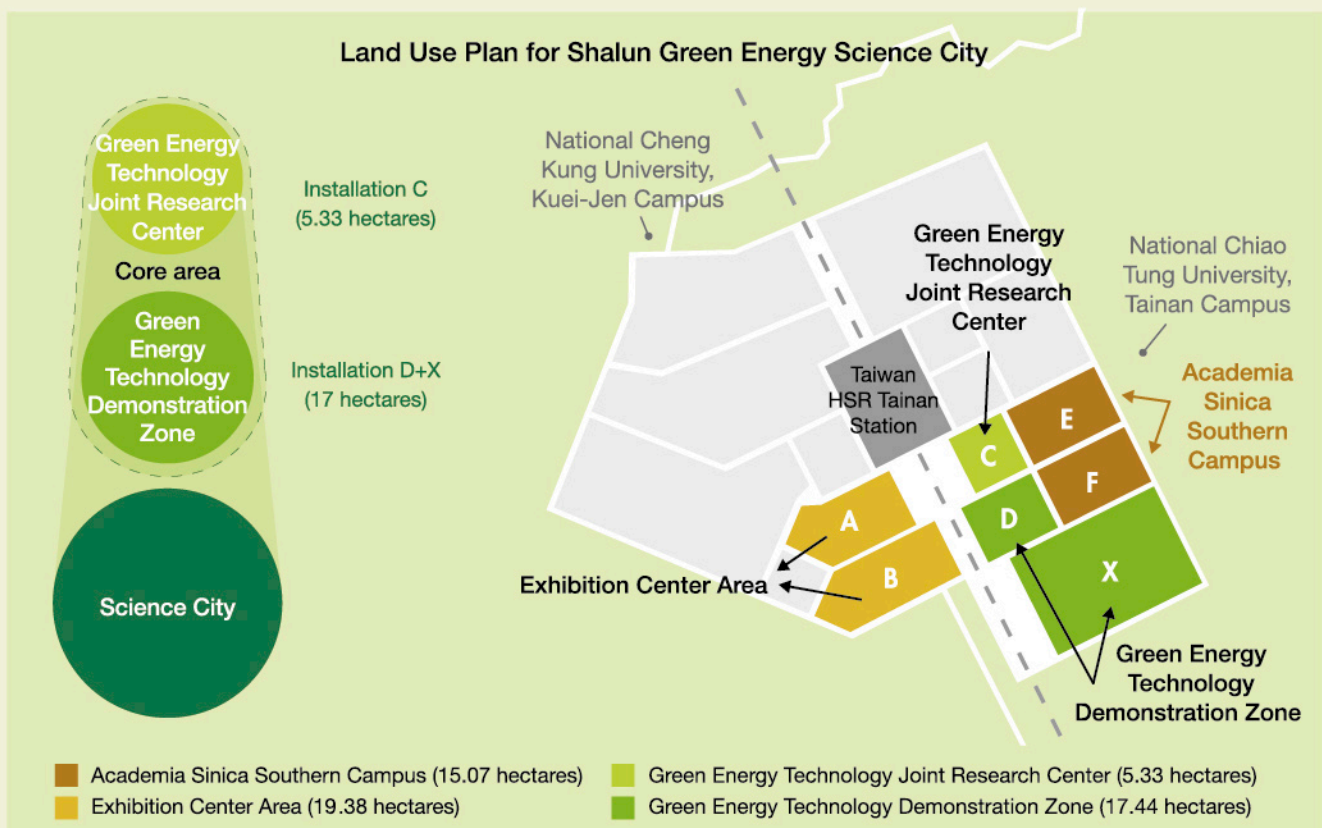
site to a green energy industrial cluster and eco-city. This will provide an outstanding environment for the development of green energy technology, stimulate the innovative application of green energy, and create market opportunities.

- **Abundant Capacity for Cooperation among Industry, Academic, and Research**

Cooperation among the industrial, academic, and research sectors in Taiwan has already yielded 9,000 R&D results. Cross-domain value-added applications will continue to be promoted and international cooperation in R&D projects will be pursued with the aim of expanding the scope of green technology applications.

- **Preferential Feed-in Tariff Rate**

Taiwan provides a 20-year preferential feed-in tariff rate for the purchase of electricity generated by renewable power, offering a stable and reasonable return for developers.



INVESTMENT OPPORTUNITIES

Opportunities for Investment in Green Energy

- Taiwan has set a 2025 target for green energy installed capacity; this will stimulate US\$60 billion of investment in green energy installations by that year, and spur opportunities for investment in related fields.
- Through an amendment to the “Electricity Act” passed in January of 2017, Taiwan now allows free trade in renewable electric power to encourage liberalization of the market.
- Taiwan wishes to attract investment from foreign manufacturers in the areas of blades, gear boxes, and power generators for offshore wind power turbines; power systems, chassis systems, and whole vehicle systems for electric vehicles; as well as converters and storage systems for photovoltaic energy.
- Taiwan’s government is implementing a “Forward-looking Infrastructure Development Program” that encourages investment in green energy (prioritizing photovoltaics, offshore wind power, and the construction of facilities supporting related research and long-term development). Based on domestic needs, Taiwan will attract domestic and foreign investment to transform itself into an important base for the green energy industry in Asia.

Business Opportunities in Photovoltaic Energy

- Taiwan aims to increase its photovoltaic energy supply to 20GW by 2025, bringing opportunities in the supply of about US\$4.33 billion worth of large inverters.
- The demand for photovoltaic power storage systems is expected to grow steadily after 2020, providing a favorable environment for Taiwanese and international energy storage system manufacturers to engage in joint ventures.

Business Opportunities in Offshore Wind Power

- The government has announced 24 sites in the Taiwan Strait for which interested foreign and domestic companies can apply to invest in the installation of offshore wind power generation facilities.
- The government is evaluating the west coast of Taiwan for sites suitable for the construction of heavy cargo wharfs for the exclusive use of offshore power generation work, as well as a site for an industrial park to support the manufacture, assembly, construction, and maintenance of parts and components related to wind power generators. This will provide a complete and integrated industry chain to support offshore wind power generation facilities.



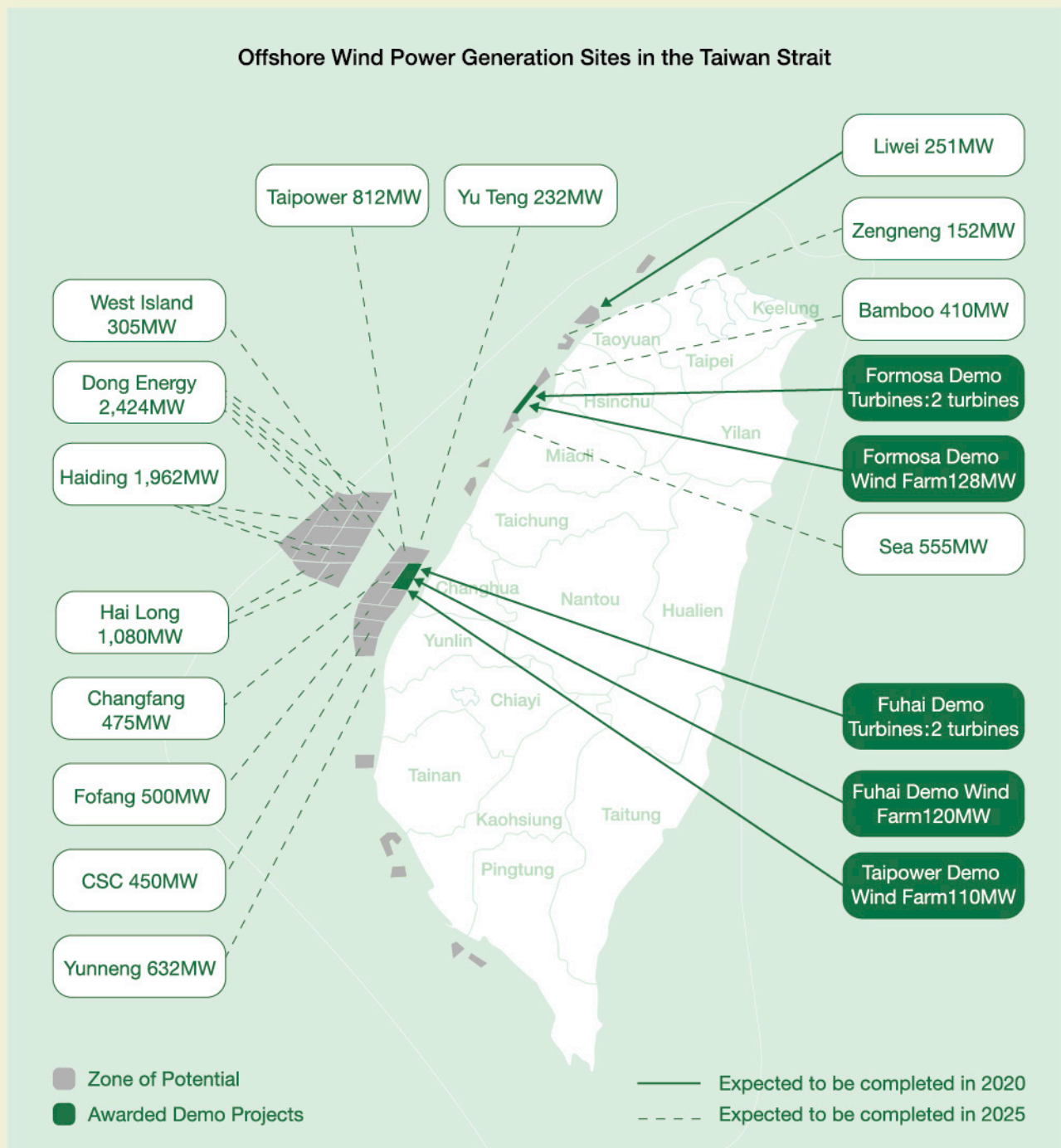
Business Opportunities in Electric Vehicles

The government is promoting fully electric transportation vehicles with the aim of producing 45,000 electric motor scooters, 2,500 electric passenger cars, and 4,400 electric buses annually beginning in 2020.



• **Major Foreign Investors in Taiwan**

Macquarie of Australia and Dong Energy of Denmark invested in Swancor of Taiwan to gain entry to Taiwan’s offshore wind power generation market. WPD, a German energy firm, will invest in onshore and offshore wind power generation as well as photovoltaic solar power generation. Eolfi of France will invest in floating offshore wind power generation.



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.

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