Taiwan's Outward Foreign Direct Investment (OFDI) into the European Union

Qualitative Report

EIAS European Institute for Asian Studies

EIAS Report

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Policy Analysis
Qualitative Report

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List of Abbreviations

ASEAN	Association of South East Asian Nations
BIA	Bilateral Investment Agreement
EU	European Union
FTA	Free Trade Agreement
ICT	Information Computer Technology
IFDI	Inward Foreign Direct Investment
OFDI	Outward Foreign Direct Investment
PRC	People’s Republic of China
WTO	World Trade Organisation

1 - Introduction

Throughout EIAS's quantitative study into Taiwanese OFDI into the EU, it was shown that whilst the EU and Taiwan maintain strong bilateral investment relations, there remains scope for improvement. Also demonstrated throughout the report has been the mutual gains that will accompany a stronger investment relationship. For the EU, the increased employment, tax revenues and knowledge transfer generated from Taiwanese investment into the EU will increase the EU's innovativeness and the sustainability of its economy. In addition to this, for Taiwanese firms, the EU represents a large and affluent market with high quality infrastructure, human capital, and regulatory standards.

This report functions as a follow up to a 2014 report on the same subject also conducted by the European Institute for Asian Studies (EIAS). The aim of this new project is to both update the information within the previous report and provide contemporary analysis of recent trends in economic relations between the EU and Taiwan.

The economic relationship between the EU and Taiwan is both strong and sophisticated, with investment and trade flowing both ways throughout a diverse array of industries and sectors. In 2017, Taiwan became the EU's 16th trading partner globally, driven by strong exports to the EU exceeding EUR 23.85 billion. Further deepening this strong economic relationship is in the clear interest of either party. Throughout this qualitative report, more information will be provided on the current state of economic relations between the EU and Taiwan. Under discussion will be the existing barriers to increased investment and trade, and the role played by a number of Taiwan's influential firms in this economic relationship.

This report will initially assess the various hurdles faced by Taiwanese firms looking to invest in the EU. This information has been gathered through interviews with various Taiwanese firms with investments in Europe, and has been brought together in this report to establish a clearer picture of the current EU-Taiwan investment relationship. Having demonstrated this relationship in empirical terms throughout the quantitative study, this qualitative study provides more specific insight into the bilateral investment relationship in question. Following an assessment of the barriers that limit the scope of the EU-Taiwan bilateral investment relationship, this report will go on provide analysis of Taiwan's various existing bilateral economic agreements. This process will establish a platform from which the nature of a potential EU-Taiwan bilateral investment agreement (BIA) can be discussed. It is hoped that the findings of this qualitative study in conjunction with those of the quantitative report will demonstrate the significant value of an EU-Taiwan BIA.

2 - Barriers to Trade and Investment

Throughout the global primacy of the post-Cold War multilateral trading system, numerous barriers to international trade and investment have been gradually eroded, resulting in the contemporary world economy being more open and free than ever. Despite this however, even between global actors that subscribe to the norms and values of multilateralism and economic openness, barriers exist to international flows of goods and capital.

Given their prominence in the ICT sector and throughout other hi-tech industries, Taiwanese firms generally have little difficulty when trading and investing in Europe. Whilst this may be the case, and despite the commitment of both the EU and Taiwan to multilateralism and liberal economics, barriers still exist that impact their bilateral economic relationship. As unveiled throughout the quantitative study, despite having witnessed a drop in recent years, Taiwanese investment into the EU remains strong - demonstrating the importance of the EU as a market for Taiwanese firms and investors. This being the case, if the following barriers can be addressed, bilateral trade and investment flows are likely to be further strengthened.

2.1 - Linguistic and Cultural Barriers

For Taiwanese firms with ambitions of investing in the European Union, the trade and investment hurdles that hinder deeper economic relations have varying origins and impacts. Despite not being a significant issue throughout all European Member States, cultural and linguistic problems regularly impact upon Taiwanese investment decisions[1]. As demonstrated in the penultimate chapter of the quantitative report and substantiated through interviews, English language proficiency is a major influencing factor for potential investors. In addition to this, an unfamiliar business culture can also be seen as an obstacle to investment. Research conducted by EIAS uncovered how Taiwanese businesspeople often feel a strong cultural affinity to the USA, often as a result of having previously studied there. Resultantly, countries with a working culture aligned with that of the USA and with an anglophone workforce have historically been more popular targets for investment.

These two issues of culture and language are important barriers effecting OFDI flowing from Taiwan to the EU, and disproportionately affect Member States in the East and South of Europe. This is due to the lower English proficiency levels in Eastern and Southern Europe, and the culture of these regions being less familiar to Taiwanese investors than in Western Europe. When Taiwanese firms do opt to invest in non-traditional European partners in the South and East of the EU, it requires a greater commitment into human resource management when compared with more traditional, Western investment destinations. Despite this however, the quantitative report uncovered how Taiwanese investment, particularly into labour intensive industries, is increasingly flowing into Central and Eastern Europe. This is likely due to the high skill and low-cost labour abundant throughout the region in conjunction with fast improving language skills and infrastructure.

2.2 - Labour Law and Labour Relations

Whilst the EU is frequently understood as a single, unified entity, there are various areas in which regulation and laws are not aligned on a Union-wide basis. Labour laws is one of these areas, with cumbersome and varying labour laws and standards impacting significantly upon investment decisions. In addition to the lack of convergence in EU labour laws, when compared to Taiwan, trade unions assert a strong influence throughout the European Union and its member states. Some deeply entrenched labour rights[2] are seen as significant hurdles for Taiwanese investors. When compared to the more harmonious, top down management that is commonplace in Taiwan, the strength of unions and the perceived risk of confrontation that accompanies this is a concern amongst investors. This could go some distance to explaining the relatively low levels of investment in France and the Southern European states of Portugal, Italy and Spain compared to their market size.

2.3 - Knowledge of Investment Incentives

Whilst the EU and its member states have put in place numerous strategies that incentivise foreign direct investment, interviews conducted by EIAS staff uncovered that they are widely unknown amongst Taiwanese investors. Whilst incentives including tax holidays, compensation allowances for employment and training, and guaranteed loans all serve to promote investment, they are rarely known amongst Taiwanese firms. This is especially the case amongst smaller firms. In view of this, Taiwanese firms operating in the EU's various member states often operate without the advice, incentives, or support offered to them by the host country. Resultantly, they are often not well

[1] Kerneis P, Lamprecht P & Messerlin P, (2016), *Taiwan and European Union Trade and Economic Relations: The Case for a Deep and Comprehensive Bilateral Investment Agreement,* European Services Forum, p.33

[2] E.g. the 35-hour working week in France

intergrated into the business or economic fabric of the host country, and as such still face many of the barriers that investment incentives aim to negate.

2.4 - Bureaucracy and Visas

Another important factor in deciding where to invest concerns bureaucratic efficiency and issues related to visa policy. The process of getting work permits for non-European workers approved is an important issue for many Taiwanese investors, with the efficiency of this procedure often a determining factor when it comes to making investment decisions. With alternate investment destinations[3] often offering more simple and efficient bureaucratic procedures, the EU would certainly benefit from simplifying these processes.

2.5 Lack of Regulatory Convergence

As mentioned previously, the perception of the EU as being regulatorily unified is not always accurate, with certain differences in fiscal regulations, laws and customs still remaining. One key example of this is the issue of double taxation, which adversely impacts upon foreign investors. As a means of resolving this issue, Taiwan has established Double Taxation Agreements (DTA's) with 13-member states[4], which annul the issue of double taxation on income tax. In 1990, the EU and Taiwan also signed a protocol on income tax exemption on shipping enterprises, however this only covers one, reasonably small sector. The fact that DTA's have only been signed with 13-member states leads Taiwanese investors to direct investment towards those countries with which agreements have been signed. With this situation resulting in various member states losing out on valuable Taiwanese investment, the signing of a bilateral investment agreement (BIA) between the EU and Taiwan that covered issues of double taxation would act to significantly level the playing field for all 28-member states. In addition to this issue, labour laws, pension schemes, banking regulations, access to finance, environmental standards, and tax conditions differ across the EU's member states, creating a confusing environment for investors.

Whilst the signing of a bilateral economic agreement between Taiwan and the EU will not eradicate all of the hurdles that affect investment flows, it will certainly help boost relations. In chapter one of the quantitative study, the numerous preferential trade and investment agreements that the EU has signed around the world is mapped out. The EU is famed for its commitment to multilateralism and preferential economic agreements, however Taiwan also has a rich history in this field. This report will now assess the various bilateral economic agreements that Taiwan has agreed with global partners. This process will establish a position from which the potential nature of an EU-Taiwan BIA can be discussed.

3 - Bilateral Agreements of Taiwan

In its role as a high-income nation with a modern economy and high levels of OFDI, Taiwan has agreed numerous bilateral economic agreements. These agreements help boost the competitiveness of Taiwan's various sector-leading multinational corporations, and allow foreign firms and investors access to Taiwan's fertile markets. To date, Taiwan has agreements on the protection or promotion of investment or free trade agreements with in excess of 30 countries. These agreements have been concluded with a wide variety of countries, with partner countries located throughout various regions (demonstrated in Figure 1).

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[3] USA, Canada, Taiwan etc.

[4] Austria, Belgium, Denmark, France, Germany, Hungary, Italy, Luxembourg, Slovakia, Sweden, Poland, The Netherlands, The United Kingdom,

Figure 1: Regional Distribution of States in Bilateral Economic Agreements with Taiwan

Region	States with Bilateral Economic Agreements
North America	United States
South America	Argentina, Paraguay
Central America and the Caribbean	Panama, Nicaragua, Honduras, El Salvador, Dominican Republic, Belize, Costa Rica, Guatemala, St Vincent and the Grenadines
Africa and Middle East	Gambia, Saudi Arabia, Liberia, Burkina Faso, Swaziland, Senegal, Malawi, Nigeria,
Asia Pacific	Singapore, Indonesia, Philippines, Malaysia, Vietnam, Thailand, Marshall Islands, India, Japan, New Zealand, PRC
Europe	N. Macedonia

Looking at Figure 1, immediately perceptible is the lack of agreements signed between Taiwan and European countries, and the complete absence of agreements signed with the EU or EU member states. Whilst this is a point made clear throughout the quantitative study, when considered alongside figure 1, it appears even more anomalous. It is clear from the countries listed above that Taiwan has a wealth of experience establishing bilateral economic agreements with a wide variety of international partners throughout diverse regions.

The bilateral economic agreements signed between Taiwan and the countries listed in figure 1 have been concluded through various channels and cover a variety of trade and investment issues. These wide-ranging agreements have been agreed on a government agency to government agency basis, between representative offices of Taiwan and its partner countries, and through the channels of the WTO. In addition to this, these agreements vary from being conventional FTA's[5], to agreements on the promotion and protection of investments[6]. Taking into consideration the variety of Taiwan's bilateral economic agreements in terms of partner countries, the competences of each agreement, and the channels through which they were agreed, Taiwan appears well positioned to develop further bilateral agreements. When one considers the strong economic relationship existing between the EU and Taiwan alongside the wealth of experience either party has in developing bilateral economic agreements, the path to establishing an EU-Taiwan BIA appears clear.

4 - Towards an EU-Taiwan BIA

Throughout both the quantitative and qualitative sections of this report, the wealth of experience held by both the EU and Taiwan in establishing bilateral economic agreements has been made evident. Cumulatively, they have agreed bilateral agreements with almost every state around the globe. Through developing a bilateral investment agreement (BIA) that covers both investment protection and investment promotion, the strong investment relationship outlined in this report's accompanying quantitative study can be further built upon. Whilst an EU-Taiwan BIA could take various forms[7], it would be essential that it addresses the hurdles to investment experienced by Taiwanese firms

[5] FTA's have been agreed between Taiwan and: Nicaragua, Honduras, El Salvador, Guatemala and Panama
[6] These have been agreed between Taiwan and: Gambia, St Vincent and the Grenadines, Liberia, Macedonia, the Marshall Islands, Belize, Costa Rica, the Dominican Republic, Burkina Faso, Swaziland, Senegal and Nigeria
[7] Outlined in the book chapter - Wu C H, (2017), *Towards an EU-Taiwan Bilateral Investment Treaty: A Road Map,* In: J Chaisse (ed), *China's Three-Pronged Economic Strategy: Bilateral, Regional and Global Tracks,* Oxford University Press

highlighted in section two. If a BIA is put in place between the EU and Taiwan, it would increase the confidence of potential Taiwanese investors, both amongst Taiwan's large MNC's and smaller firms. Additionally, a BIA would offer a process through which visa and labour related issues could be addressed. Through tackling the hurdles to investment cited by Taiwanese firms and listed in section two of this report, Taiwanese OFDI flowing into the EU is likely to recover after its recent drop. This process will not only attract greater capital flows into the EU, but will also have a positive impact on employment throughout its member states.

The benefits of agreeing a BIA would however extend beyond employment and capital inflows. With both the EU and Taiwan considered to have largely knowledge-based economies, in order to keep up with their global competitors, a BIA should promote knowledge exchange between European and Taiwanese firms. This will strengthen the competitiveness of both European and Taiwanese enterprises globally, and be of significant mutual benefit. From a European perspective, the chance to collaborate with Taiwan's various sector-leading firms represents a unique and valuable opportunity. Outlined below are a number of these firms.

5 - Taiwanese Firms in the EU

Whilst it is easy to focus exclusively on the increasing financial and trade flows that are likely to result from the signing of a BIA, there are other benefits that will accompany greater economic integration. Chief among these is the sharing of knowledge that comes with the influx of investment and the increased presence of foreign firms in the EU. Within the context of OFDI flowing from Taiwan into the EU, this is a particularly pertinent issue. Not only does the EU represent an important market and global partner for Taiwan's numerous sector-leading corporations, but they also have much to offer in return. Given the pre-eminence of various Taiwanese firms within ICT and other high-tech sectors, a greater presence of these firms is likely to improve the competitiveness of European ICT and stimulate increased sharing of valuable technical knowledge. This being the case, this qualitative report will now analyse a selection of influential Taiwanese firms, assessing their field of expertise, sectoral influence, and current presence within Europe.

5.1 Acer

Established in 1976, Acer Inc. is one of the world's leading hardware and electronics corporations, which originally focussed its business on the manufacturing of ICT products. Having shifted its focus onto the design, marketing and distribution of products in the early 2000's, today Acer is the sixth largest personal computer vendor globally. Employing over 8000 people worldwide and with total assets in excess of EUR 4.5 billion, Acer is one of the largest and most influential ICT firms globally.

As Acer looks to embrace technologies of the future, the Internet of Things (IoT) has emerged as important to its corporate strategy. With the whole ICT industry viewing IoT as a future driver of growth, Acer is working to establish itself ahead of its competition. Given the widely acknowledged importance of the IoT, the EU has much to gain from increasing cooperation with one of the industry's biggest actors.

Acer already has a significant presence throughout Europe, with the study conducted for this report showing offices in seven EU member states, and European headquarters in Switzerland. As is often the case with Taiwanese MNC's operating in the EU, these offices are often small subsidiaries with low levels of employment despite having large assets. Increasing employment in these offices and facilitating deeper investment relations with Acer are in the vested interests of the EU, both things that are likely to come about if a BIA is established.

5.2 Foxconn

Hon Hai Precision Industry Co, better known as Foxconn, sits at number 24 on the Fortune 500 list[8], employing over 800,000 people globally and with total assets exceeding EUR 94 billion. The sheer size and influence of Foxconn cannot be understated, with Foxconn being the largest private employer in Taiwan and one of the largest worldwide.

Foxconn is the world's biggest contract electronics manufacturer, assembling a wide range of electronic products for companies including Apple, Intel, Sony, Microsoft, ASUS and MS. Having started as a small manufacturer in Taiwan, Foxconn became the global giant it is today through establishing factories throughout the PRC which produced parts for leading global ICT firms. Since then, Foxconn has diversified to become an important firm not just in manufacturing ICT products, but also in other industries. Emerging as a recent area of interest has been the e-car market. Together with Tencent and car dealer Harmony New Energy Auto, in 2016 Foxconn founded Future Mobility. This company aims to design and produce all-electric, fully autonomous premium cars by 2022 under the brand name Byton. This foray outside the sphere of electronic parts manufacturing and into other industrial sectors is important to Foxconn's strategic vision. Foxconn aims to augment its existing integration, innovation, design, manufacturing and sales-marketing base in order to remain at the centre of the ICT ecosystem[9].

This internationally known and world-leading Taiwanese corporation has had a presence in Europe since the early 2000's. In the year 2000, the company bought a factory in Pardubice in the Czech Republic, which is currently the logistics and management centre for all of Foxconn's operations in Europe. This site in the Czech Republic employs 4,250 people, making it the single largest Taiwanese employment site throughout Europe. When the employment generated by Foxconn's other strategically located plants in Slovakia (1,400) and Hungary (200) are considered, despite only having three locations throughout the EU, until now, Foxconn remains the largest Taiwanese employer operating in Europe.

5.3 Evergreen

The Evergreen Group was established in 1975 as a diversification of the Evergreen Marine Corporation, which today is the world's fourth largest containerized shipping company. Since diversifying its interests, Evergreen has expanded its business into air and land transportation as well as an international chain of hotels.

In 1993, Evergreen purchased Italian shipping line Lloyd Triestino, renaming it Italia Marittima S.p.A in 2006. This provided Evergreen a strong foothold in the European Union, and from this point the company has established offices in all EU member states except for Luxembourg and Slovakia. The Evergreen Group claims to be "responsible for developing new markets in North Europe, particularly in Russia and the new member countries of the EU"[10]. Research conducted by EIAS uncovered that Evergreen employs up to 1,000 people throughout Europe and has global assets in excess of EUR 5.6 billion. In recent years, Evergreen has also been taking the lead on the environment, with the largest ships in its fleet designed to have a minimised environmental impact[11].

[8] Fortune Global 500 list, (2018), Retrieved from: http://fortune.com/global500/hon-hai-precision-industry/
[9] Foxconn's Vision and Strategy for the Information Age, (2018), Retrieved from: http://www.foxconn.com/GroupProfile_En/VisionandStrategy.html
[10] Evergreen Marine (UK) Ltd., Corporate Profile, retrieved from: https://www.evergreen-marine.co.uk/tbi1/jsp/TBI1_CorporateProfile.jsp
[11] ibid

Alongside its well-established freight transport division, Evergreen has expanded to have a stake in numerous other industries. Included amongst these are the Evergreen International Hotels, one of which is located in France[12], and the international passenger and cargo airline, EVA air. Founded in 1989, EVA air is Taiwan's first and largest privately-owned international airline and is one of only 11 airlines globally to have been awarded a five-star rating by airport and airline review site Skytrax[13].

5.4 Zyxel

Having started developing analogue modems in 1988, since then, Zyxel Communications Corporation has developed into one of the world's largest manufacturers of networking devices. The company's ability to adapt to the fast-changing world of technology and internet connectivity and innovate accordingly has kept Zyxel at the forefront of connectivity for service providers, businesses and home users. Zyxel now employs over 1,500 people globally, operates in 150 global markets, and serves more than 100 million customers worldwide. In addition to this, Zyxel has a strong base in Europe, with offices in Sweden, Finland, Norway, Hungary, and the UK. As is often the case, despite Zyxel being a market leader and having annual revenues in excess of EUR 330 million, its offices in Europe employ very few people[14] in relation to its assets.

Whilst Zyxel certainly has scope to employ more people throughout the EU, its increased presence in the EU is likely to have a positive impact beyond employment figures. Zyxel is dedicated to working with businesses of all sizes, using its networking expertise to help unleash the potential of its partners[15]. The potential knowledge transfer that the increased presence of Taiwan's leading ICT companies is likely to produce is of clear benefit to companies all throughout the EU, further demonstrating the value of the establishment of a BIA.

5.5 Taiwan Semiconductor

Taiwan Semiconductor Manufacturing Company Ltd. (TSMC) was founded in 1987 as the world's first dedicated semiconductor foundry. Since then, TSMC has remained the largest dedicated independent semiconductor foundry globally, with its headquarters located in the Hsinchu Science and Industrial Park, Taiwan.

Given the importance of semiconductors to almost all electrical devices, the semiconductor industry has grown in stature significantly throughout the history of TSMC. Nowadays, TSMC ranks at 368 on the Fortune 500 list with revenues exceeding EUR 25.7 billion and employs over 48,000 people[16]. In 1994 TSMC founded its European office in the Netherlands, and has since also developed an office in Hamburg, Germany for its subsidiary - TMSC Solar. The establishment of this subsidiary with a focus on solar energy is representative of the company's recent moves to diversify into the lighting and solar energy markets and expand into the EU. Solar energy in particular is a market in which the EU is particularly strong, representing a potential avenue of future collaboration.

5.6 AU Optronics

Formed after a merger between Acer Display Technology Inc. and Unipac Optoelectronics Corporation in 2001, AU Optronics (AUO) has grown to become a key global player in the optoelectronics sector. AUO focus predominantly on the research, development, production and sale of this film transistor liquid crystal displays and other flat panel displays, and also has a significant stake in the solar panel

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[12] Evergreen Laurel Hotel
[13] Skytrax 5-star airlines, retrieved from: https://skytraxratings.com/airlines?stars=5
[14] Swedish office - 2; Finish office - 5; Norwegian office - 6; Hungarian office - 3; UK office - n/a, information gathered by EIAS
[15] Zyxel, Company Overview, retrieved from: https://www.zyxel.com/uk/en/about_zyxel/company_overview.shtml
[16] Fortune Global 500 list, (2018), Retrieved from: http://fortune.com/global500/taiwan-semiconductor-manufacturing/

industry. Listed amongst the world's 2000 biggest companies[17], AUO recorded revenues nearing EUR 9 billion in 2017, and employed up to 45,000 people globally.

AUO are very active throughout Europe, with an advertising agency in the Netherlands and manufacturing centres in the Czech Republic and Slovakia employing 220 and 200 people respectively. In addition to this, AUO is constantly looking to set up joint ventures and industrial partnerships both throughout Europe and globally. This process is done to expand AUO's global presence and influence, and access the benefits of shared knowledge and research. Examples of this throughout Europe include a 2014 partnership with ADB Solaire in France in the field of solar panels, and the completion in 2013 of the Port of Milford Haven, the UK's largest energy port.

A core aspect of AUO's strategy is a commitment to research and development and the development of a large patent portfolio. As of June 2018, AUO have submitted up to 24,400 patent applications, with over 18,100 being approved to date. Alongside this focus on R&D, the company is also heavily involved in renewable energy following its entry into the green energy industry in 2008. Focussing on various aspects of the solar energy sector including the production, maintenance and servicing of solar modules, AUO is well positioned to be a global leader in the green energy market for years to come.

5.7 Taiwan Liposome Company (TLC)

Taiwan Liposome Company (TLC) is a specialised pharmaceutical company focussed on the research, development and commercialisation of nanomedicines. TLC develop lipid-based technologies in the field of drug delivery, which they combine with approved active pharmaceutical ingredients to create cutting-edge nanomedicines. Focussing predominantly on R&D, TLC don't manufacture products, instead delivering solutions and transferring technology to manufacturers. With total assets of EUR 29 million and employee figures of 161, whilst not being as large as some other companies assessed in this report, TLC remains an important Taiwanese firm. Crucial to this study is TLC's position at the forefront of its industry, and its role as a major source of medical innovation.

Accounting for 17.5 per cent of global sales and employing over 745,000 people, the EU's pharmaceutical industry is considered a key asset of the European economy and of key strategic importance[18]. Therefore, attracting companies at the cutting-edge of this industry to European shores is therefore of great importance. TLC opened a subsidiary in Leiden in the Netherlands in 2010 with the main aim of obtaining market approval. The presence of TLC in the European market is a positive sign for the pharmaceutical industry, with joint ventures and knowledge sharing leading to the increased competitiveness of this important European industry.

5.6 Conclusion

In reflection of the size and influence of the seven companies discussed above, the EU stands to benefit greatly from increased interaction with Taiwan's sector leading firms. Not only will the benefits of greater investment from such firms offer direct economic benefit to the EU in terms of revenues and employment, but it will lead to greater levels of competitiveness amongst European firms as they collaborate with Taiwanese partners.

[17] Forbes Global 2000 list, Retrieved from: https://www.forbes.com/companies/au-optronics/#76dfef314022
[18] European Federation of Pharmaceutical Industries and Associations, 2017, retrieved from: https://www.efpia.eu/media/219735/efpia-pharmafigures2017_statisticbroch_v04-final.pdf

6 - Final Conclusions

The above study into seven of Taiwan's pioneering corporations makes even more evident the importance of Taiwan and its numerous sector leading firms within the global economy. Taiwan is one of the most advanced economies not just in Asia, but also globally; boasting robust growth rates, a high GDP per capita, and a fertile and entrepreneurial business environment. Although the quantitative study accompanying this report has demonstrated that economic relations between Europe and Taiwan remain strong, little has been done further enhance them. The mutual benefits that would accompany the signing of a bilateral investment agreement or any other kind of increased economic cooperation would be significant, with either partner standing to gain significantly.

Reflecting upon the EU's 2015 "Trade for All" communication and its recently published "Connectivity Strategy"[19], the EU clearly attributes significant importance to its relationship with Asia. As the EU looks to strengthen its relations throughout the Eurasian continent and better engage the flourishing and diverse economies of the region, Taiwan appears a natural partner. With both the EU and Taiwan sharing a similar commitment to democracy, human rights, open markets and the rule of law, the path towards greater bilateral ties appears a logical one. In addition to this, Taiwan has strong relations with various ASEAN nations, compounded through Taiwan's "New Southbound Policy"[20]. This represents an opportunity for the EU to use a stronger relationship with Taiwan gain better knowledge of and access to important emerging markets in East Asia and South East Asia.

This report has demonstrated the numerous benefits of the EU establishing a BIA with Taiwan. If an agreement is to be reached between both parties, its scope should be as large as possible, covering amongst other things; market access issues, investment protection, definition of policy space and dispute resolution. Concerning the approach taken for developing this, both the EU and Taiwan should look to their existing experiences of establishing bilateral economic agreements for reference and inspiration. In doing this, the European Union and Taiwan can work collaboratively to develop a BIA appropriate for the modern era, and to the significant benefit of all.

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