

APO 60th Workshop Meeting of Heads of NPOs
Inaugural Address by Deputy Minister of Economic Affairs Mei-Hua Wang

The APO Secretary-General Dr. Mochtan, APO Director for the ROC, Mr. Hsu Sheng-Hsiung, all the distinguished guests, ladies and gentlemen, good morning.

On behalf of the government of the Republic of China (Taiwan), I would like to thank everyone for making your schedule to be here.

The ROC has cooperated closely with the APO for 58 years since the establishment by organizing related exchange and cooperative programs to help enhance the enterprises' productivity and conducting numerous exchanges with the productivity organizations from countries across the Asia Pacific region. I would also like to take this opportunity to offer my special thanks to the China Productivity Center (CPC) for all its hard work over many years and internationally recognized efforts at promoting productivity improvement.

Since this is a very rare situation, let me take a few minutes to introduce the Taiwan situation because that is much related to the productivity issue. You all know Taiwan is a very small island. I think we are bigger than Singapore. But everyone knows Taiwan is a technology island. That is because manufacturing sector occupies a very high proportion in our GDP. Our manufacturing sector exceeds 30 percent. And we are highly dependent on foreign trade. For example, last year, our total trade was near 600 billion US dollars. So that is very special for Taiwan. And most importantly, the number of our SMEs is very big, especially in our manufacturing sector. Many of them are hidden champions in Taiwan, even in the world. For Taiwan, how to maintain our international competitiveness is an important issue for our government.

In addition, we have several industries. All are very internationally competitive, including our semiconductor, ICT, machinery, textile and bicycle industries. In this digital era, the semiconductor and the ICT industries are very fundamental industries that can be applied to any other industries and to enhance the very trend in other areas. For example, you can combine the semiconductor, the ICT to the electric car industry, to the machinery industry, so that it can enhance those industries to have more competitiveness.

For our government, we want to promote our industry development and want to help our many SMEs and to meet the United Nation's sustainable development goals. Our government introduced the so-called 5 + 2 Industrial Innovation Plan. That is to make Taiwan manufacturing sector internationally competitive. In this 5 + 2 industry includes, for example, the IoT industry, the smart manufacturing industry, the renewable (energy) industry and circular industry, and so on.

Concerning smart machinery, we have a very intensive machinery cluster in central Taiwan and we want to strengthen the industry to have more innovation, to have more clusters together and to promote this industry upgrading and transformation. That is a very important industry in Taiwan. Last year, the machinery industry, their total value was more than 36 billion U.S. dollars, a historical high for this industry. Unfortunately,

this year, because of the US-China trade conflict, fewer orders were received from China. And that is a big issue for this industry. How to maintain their competitiveness in the world is a very important issue.

Regarding the US China trade conflict, it impacted a lot of the countries, especially in Asian countries. And that is a very different situation in Taiwan. Thirty years ago, many Taiwanese manufacturing companies invested in China. China attracted a lot of the Taiwanese industries who helped to develop the Chinese economy. But now under the US-China trade conflict, they face a lot of the challenges, not only the challenges of the tariffs, but also challenges about their security issue. So those Taiwanese companies based in China, they need to diversify their manufacturing bases to other areas. Taiwan is their homeland. They are quite familiar with Taiwan. Taiwan is a very democratic system, very transparent. Our government officials are always here to serve our people.

But we are so humble with our cooperation with our industries. And most importantly, we already have very good industrial supply chain. We have very enough talent and transparent system, very good IPR protection system. For them, their priority is to go back to Taiwan. And our government understands such kind of situation, so we established the so-called single window to provide different kinds of services for them. That is a very successful program. From the beginning of this year until now, we already had one hundred and forty seven companies coming back and increasing investment in Taiwan. That will strengthen our manufacturing sector in Taiwan. And that's very important, since they shift their manufacturing base back to Taiwan, they need to enhance their competitiveness by, for example, applying automatic systems or smart systems for their new productivity supply chain.

Since this year, our export to China decreased about 8 percent, but our export to the US increased around 18 percent. So that is a different kind of situation for Taiwan. We are lucky. We need to hold such kind of trend for our industrial development.

Actually, before this US-China trade conflict, our government already had a new policy. Maybe some of you are familiar with the so-called the New Southbound policy. New Southbound Policy is to strengthen the cooperation with New Southbound countries, including Australia, India, New Zealand and ASEAN countries. That is because we want to develop a comprehensive cooperation, including trade, investments, agriculture, tourism, education, medicine and other areas. Because those countries are so close to Taiwan. We just want to make every country understand better that Taiwan is a very trustful partner. For more than three years of the new Southbound policy, we have a lot of concrete results and most importantly make more countries or people understand Taiwan.

Many of the production bases in China are also moving to other Asian countries, including India. So there are a lot of opportunities to attract those Taiwanese industries to your lovely country. We hope under such kind of trend, we could work together for more concrete policies to guide our businesses that you prefer to the places in your countries for the establishment of a supply chain. That is our government's goal to help our industry and to cooperate with you. We hope through such kind of cooperation, we could

deal our productivity issues better.

The ROC government will not only continue to promote the current policy, but also focus on strengthening the industry competitiveness, accelerating global trade deployments, promoting green energy, lowering carbon emissions, expanding talent training and recruitment. These will enable the optimization of industrial structure for stronger competitiveness. The ROC firmly believes that through exchanges between national productivity organizations, it is possible to forge a consensus on cooperation between member countries and economic communities, and to enhance the regional productivity and competitiveness. The ROC looks forward to continuing exchanges and cooperation with APO members as we work to create more business opportunities. Finally, I wish the workshop a big success and everyone good health. Thank you very much.