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# U.S. States and Territories Harnessing the Economic Power of US-Taiwan Trade Relations

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Like all of the other 50 States and US Territories in the United States, the US Virgin Islands is subject to and a benefactor of the US Foreign Economic Bilateral and Trade Agreements. In June 2014 the US Virgin Islands Government was made aware of this Geo-Political and Economic Bilateral, Trade Relations and Cooperation reality by the US Department of State. The State Department wrote that "we encourage deepening of commercial and cultural exchanges with Taiwan, State and local governments are uniquely positioned to take advantage of the opportunities Taiwan offers. For decades, the Taiwan Relations Act and three U.S.-China joint communiqués have enabled our unofficial relationship with Taiwan to flourish, while the United States also maintains an official relationship with Beijing China.

Subsequently, on August 5, 2016 a joint correspondence by the US Department of State and US Department of Commerce issued a joint statement in affirmation. "On behalf of the Departments of Commerce and State, we encourage you to consider helping all of us improve the United States' trade, investment, and tourism relationship with Taiwan. We have received many inquiries about how state and local governments can work with Taiwan, and we hope this letter will answer some of those questions for you".

Taiwan is the US ninth-largest trading partner and seventh-largest market for agricultural exports. U.S.-Taiwan Trade Facts: In 2019, Taiwan's GDP was an estimated \$586.1 billion (current market exchange rates); real GDP was up by an estimated 2.7%; and the population was 24 million. (Source: IMF)

U.S. goods and services trade with Taiwan totaled an estimated \$103.9 billion in 2019. Exports were \$42.3 billion; imports were \$61.6 billion. The U.S. goods and services trade deficit with Taiwan was \$19.3 billion in 2019.

According to the U.S. Department of Commerce, U.S. exports of goods and services to Taiwan supported an estimated 208,000 jobs in 2015 (latest data available), with 130,000 jobs supported by goods exports and 79,000 jobs supported by services exports.

An example of how US States and US Territories are benefiting from the US-Taiwan Trade relationship as trading partners: Recently, chipmaker TSMC, a Taiwan Semiconductor Manufacturing Co has a planned \$12 billion semiconductor factory in Phoenix, Arizona. Under the agreement, TSMC will build a new factory and create 1,900 new full-time jobs to be phased in over a five-year period. Construction would start in early 2021, with factory production expected in 2024, providing \$205 million in city funds for infrastructure such as roads and water improvements for a planned \$12 billion semiconductor factory in the city. (Source: Reuters)

TSMC is the world's biggest contract chipmaker and manufactures semiconductors for Apple Inc, Qualcomm Inc and a range of other technology companies.

U.S. foreign direct investment (FDI) in Taiwan (stock) was \$17.4 billion in 2019, a 4.8% increase from 2018. U.S. FDI in Taiwan is led by manufacturing, finance and insurance, and wholesale trade.

Taiwan's FDI in the United States (stock) was \$11.1 billion in 2019, up 5.6% from 2018. Taiwan's direct investment in the United States is led by manufacturing, wholesale trade, and depository institutions.

The SelectUSA Investment Summit is the highest-profile event dedicated to promoting foreign direct investment (FDI) in the United States. This signature event provides an unparalleled opportunity to bring together companies from all over the world, economic development organizations (EDO) from every corner of the nation, and other parties working to facilitate business investment in the United States. Featuring senior government officials, C-Suite business executives, and other thought leaders, each summit focuses on a timely theme related to the U.S. investment environment, industry trends, and new opportunities. The USVI Economic Development Authority (EDA) participates in the SelectUSA Investment Annual Summit.

At the 2018 annual SelectUSA Investment Summit this year in Washington D.C., trade officials and business representatives from Taiwan represented the largest foreign delegation at the Summit. In an effort to further economic cooperation between the U.S. and Taiwan, while capitalizing on the opportunities of the competitive U.S. economy under the Trump

administration, 60 businesses and 124 representatives of Taiwan attended the summit, the largest of any foreign delegation.

The second and third largest foreign delegation representing potential foreign investment belonged to China with 97 people, and Japan with 89 representatives. Indian trade and business representatives numbered 86, as the fourth foreign largest contingent at the Summit.

During the 2018 SelectUSA Investment Summit Taiwanese companies were looking to increase investment in the U.S. in areas of petrochemicals, electronics, steel manufacturing, rubber and plastics, along with biotech and opto-electronics.

"Taiwan is an international hub in the Asia-Pacific. With Japan and South Korea to the north, the ten ASEAN countries to the south, and the economically burgeoning Mainland China to the west, Taiwan is uniquely positioned to draw upon its neighbors' key production capabilities and resources. The island state is also one of the most important transit centers connecting primary shipping lanes for Asia and North America and therefore enjoys convenient access to the global markets. In the wake of international trends, the world's economic center of gravity is shifting from West to East, the focus of economic activity moving from developed markets to emerging.

Separated only from each other by the Taiwan Strait, Taiwan has all the advantages of being proximate to the world's growth center.

Taiwan's manufacturing capabilities are the envy of the world. Since 1980, Taiwan has played an important role in the production of system products, establishing long-term relationships with big brand names worldwide, while its high-tech industry stands as an indispensable part in the global supply chain. Taiwan is renowned for offering high production efficiency at low cost. Moreover, Taiwanese firms' high adaptability and quick delivery have attracted many global brand manufacturers to make Taiwanese firms their OEM partner. In terms of hot global industries, particularly in the information technology and electronics sectors, Taiwan has long played a critical role". (Source:ECFA)

The Economist Intelligence Unit's (EIU) innovation index ranked Taiwan at 6th in the world for the period 2009-2013, following Japan, Switzerland, the Netherlands, Germany, and the U.S., while ranking first among the emerging industries. Taiwan's high degree of collaboration with global tech sectors plays an important role in its prominence on the international stage of R&D, leading to Taiwan's reputation as Asia's knowledge hub, or the "Global Innovation Corridor".

Taipei was a big winner at the 2021 IDC Smart City Asia Pacific Awards (SCAPA), taking the awards in the categories of civic engagement and public health and social services, according to the organizer, U.S.-headquartered International Data Corp. (IDC).

Its Taipei City Technology-Assisted Pandemic Prevention Project earned the outstanding smart city award for public health and social services.

SCAPA2021 received over 250 public nominations and a total of 16 projects across the Asia-Pacific region got this year's awards in 14 e-service categories, the IDC said in a statement on its official website.

Taiwan has been widely applauded for its management of the pandemic, with one of the lowest per capita COVID-19 rates in the world and life on the island largely returning to normal.

Just 11 people have died from COVID-19 in Taiwan since the pandemic began, an impressive feat considering the island never went into lockdown. (Source; TheConversation). Taiwan donated 50 million PPE's medical face mask worldwide to its friends and allies. The USVI received 20,000 medical face masks, which were donated to the Juan F. Luis Hospital.

*Note: This sponsored article was written by: Anthony Weeks, Managing Director of SEDI, Inc & USVI Special Economic Envoy to Taiwan & Asian-Pacific Region*

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