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Rupert J. Hammond-Chambers
President

***TESTIMONY FOR SENATE BILL 659:
SENATE COMMITTEE ON HOUSING, COMMERCE AND TRADE
WISCONSIN LEGISLATURE***

(Arlington, Virginia, December 7, 2021)

Chairman Jagler and Committee Members,

Thank you for this opportunity to speak on Taiwan trade and commercial relations, as you evaluate appointing a trade representative and opening a Wisconsin trade office in Taiwan.

I am the Vice President of the US-Taiwan Business Council, a trade association formed in 1976 to support bilateral trade and commerce between the United States and Taiwan. We primarily represent American companies doing business in Taiwan, although we work with a group of Taiwan companies as well. All our work is driven by the interests of our member companies.

The Council has participated in various efforts to expand trade and commerce with Taiwan, including working on Taiwan's accession to the WTO in 2002. Recently, we have also been supportive of the proposed U.S.-Taiwan Bilateral Trade Agreement. Last year, we joined with the American Chamber of Commerce in Taiwan to launch a BTA Coalition, where we hope to gather additional business and other support for a comprehensive and high standards trade agreement between the U.S. and Taiwan.

Taiwan as an Important U.S. Trading Partner

Taiwan is an important trading partner for the United States, and serves as a key U.S. connection in the Indo-Pacific. In 2020, Taiwan was the 9th largest U.S. trading partner, our 10th largest export market, as well as the 8th largest destination for U.S. agricultural exports. Year to date (as of October), Taiwan has actually gained one space and currently serves as our 8th largest trading partner, ranked just ahead of India and right below the UK.

With a population of only 23.5 million, Taiwan punches way above their weight when it comes to trade – both globally and with the United States. Each person in Taiwan accounted for approximately US\$1,300 worth of goods exports from the U.S. in 2020. Compare that to, for example, China at US\$90 per capita, to Vietnam at US\$100, and to Japan at 500 dollars per person. Add to this the key role that Taiwan plays in the global technology supply chain, and it becomes clear that trade with Taiwan is of outsized importance relative to its population and size.

The US-Taiwan Business Council supports expanding ties between Taiwan and individual U.S. States, and we have worked with state governments from Alaska to Virginia to support and expand their existing trade and business relationships.

A number of U.S. states - including South Carolina, Maryland, Idaho, and Hawaii – have existing trade offices in the market. Several additional states have opened or re-opened their Taiwan trade offices recently, including Montana, Washington, and New Mexico. While the impact of those trade offices is difficult to quantify due to lack of long term and consistent data, Wyoming could serve as an instructive example. Wyoming opened its Taipei trade office in 2018. Between 2017 and 2020, the state saw a close to 10% increase in exports to Taiwan.



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Wisconsin-Taiwan Trade

According to the U.S. Census Bureau, Taiwan was the 11th largest Wisconsin trading partner and your 20th largest export market in 2020. I understand that Wisconsin already has an excellent relationship with Taiwan, maintaining a Sister State relationship since 1986, and that you and your colleagues in the legislature recently created a bipartisan Taiwan Friendship Caucus. The October, 2021 Trade Agreement on ginseng was also an excellent step forward for the relationship. That agreement will support an important local economic sector, while potentially serving as a model for other similar agreements in the future.

Allocating resources toward a trade representative and a trade office in Taiwan would allow Wisconsin to strengthen your economic engagement and to further develop Taiwan as an export market. According to USTR, Taiwan's major imports from the U.S. include electrical machinery, medical equipment, and plastics, along with agricultural products such as soybeans, beef, and poultry. These are all products that play important roles in Wisconsin's export mix as well.

But Taiwan is not just a good export market and an important American trading partner in both goods and services. It can also be an important research, development, and innovation partner for U.S. businesses. Companies like Amazon, Google, and IBM have already expanded their presence there to take advantage of the sophisticated business environment, well developed rule of law, and highly educated labor force that Taiwan has to offer.

A dedicated trade office could help raise the State's profile in this active market, and could serve as an important conduit for smaller- and medium- size Wisconsin businesses who are interested in trading internationally or who are interested in expanding abroad. A physical trade office and a trade official located on the island would allow Wisconsin companies to develop the personal relationships that are so important for trust and respect, and to build solid foundations for future business partnerships. Taiwan companies are also increasingly exploring U.S. investments, as we have seen in both Wisconsin and Arizona, and a larger footprint in Taiwan could help market Wisconsin as an excellent investment destination.

Support for Taiwan is also a way for Wisconsin to offer your support to a fellow democracy. Taiwan has emerged from its authoritarian past to become a well-functioning and animated democracy - despite its difficult political situation with regards to China, and despite its shrinking international space.

Taiwan offers a unique mix of economic and political reasons for strengthening the bilateral trade relationship, rather than choosing to do so with other trading partners. I hope that Wisconsin decides to take this next step in deepening your economic partnership with Taiwan, and I look forward to seeing what the future brings for both the State of Wisconsin and for the island of Taiwan.

Thank you again for the opportunity to speak with you today. I am happy to try to answer any questions you may have.

Lotta Danielsson
Vice President
US-Taiwan Business Council