

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

TAIWAN

Asia East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Taipei	Capital; HQ location for finance, government, and most multinational regional offices	Finance, professional services, AI/software, corporate HQ functions
Hsinchu Science Park	Global epicenter of IC design and advanced semiconductor R&D; TSMC and major fabless design houses anchored here	Semiconductor design, R&D, advanced packaging
Southern Taiwan Science Park (Tainan)	Site of TSMC's most advanced logic fabs (2nm and below) and the center of the current AI-driven capex supercycle	Advanced semiconductor fabrication, equipment supply
Kaohsiung	Major port city and heavy-industry base, now also a focus for offshore wind and AI data-center development	Petrochemicals, port logistics, offshore wind, data centers
Taichung	Precision machinery and science-park cluster serving EV, machine-tool, and electronics supply chains	Precision machinery, EV components, electronics
Taoyuan	Home to Taiwan's main international airport, aerospace MRO facilities, and an expanding science-park footprint	Logistics, aerospace MRO, electronics manufacturing
New Taipei City	Taiwan's most populous municipality; dense, diversified electronics and components manufacturing belt ringing the capital	Electronics components, light manufacturing, logistics

INVESTOR ENTRY ROUTES

- Taiwan's Statute for Investment by Foreign Nationals grants broad national treatment with no minimum capital requirement in most sectors, though telecom, media, and select utilities retain foreign-ownership caps
- Invest Taiwan, run by the Department of Investment Review under the Ministry of Economic Affairs, offers one-stop FDI approval and can expedite review for qualifying projects
- Semiconductor, AI, and advanced-manufacturing investors should engage early with the National Science and Technology Council and the relevant Science Park Administration (Hsinchu, Southern Taiwan, or Central Taiwan), which control land allocation and incentive packages
- The January 2026 US-Taiwan trade and investment framework opened a parallel track for US-linked capital: tariff relief and access to Taiwan-backed credit guarantees are tied to committed onshoring or relocation plans, coordinated through the Ministry of Economic Affairs and US Commerce counterparts
- Free Economic Pilot Zones and bonded-zone structures in Kaohsiung and Taichung offer tax deferral for manufacturing and re-export-oriented investment
- Market entry in finance, telecom, and other screened sectors typically requires a joint-venture or local-partner structure; Taiwan separately screens any ultimate beneficial ownership traceable to mainland China, independent of ordinary FDI review

MARKET-ENTRY OBSERVATION

Taiwan presents an unusual combination as of October 2026: an economy posting its fastest growth in roughly fifteen years (2025 GDP growth revised up to around 8.7%, with 2026 forecasts raised sharply, roughly from 3.5% to 7.7%) on the back of an AI-driven hardware supercycle, layered against newly formalized but conditional access to the US market. TSMC and Taiwan's broader IC-design and packaging ecosystem have become essential nodes in the global AI buildout, and export forecasts point to the fastest growth in decades. The January 2026 US-Taiwan trade framework cut US tariffs on Taiwanese goods from 20% to 15% in exchange for a roughly \$250 billion Taiwanese investment commitment into US semiconductor, energy, and AI infrastructure, plus access to further Taiwan-backed credit guarantees; Washington has signaled it wants a meaningful share of Taiwan's semiconductor supply chain relocated onto US soil over time, with a steep tariff threatened for firms that do not build domestically.

That economic momentum sits against a harder security and institutional backdrop. China has continued military pressure, including live-fire and rocket drills timed near Taiwanese political moments, and President Lai Ching-te has called 2026 a pivotal year for the island's sovereignty and defense posture. Domestically, Lai's Democratic Progressive Party does not control the Legislative Yuan, and the opposition Kuomintang-Taiwan People's Party bloc spent much of 2026 cutting his proposed special defense budget (from a requested roughly NT\$1.25 trillion down to about NT\$780 billion) and delaying the broader annual budget by nearly eight months, the longest such delay in Taiwan's parliamentary history. Investors should treat Taiwan as two linked stories: an extraordinary, structurally advantaged technology and manufacturing growth engine, and a cross-strait and legislative-deterrence picture that could reprice risk quickly if tensions escalate further.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Mainland-China-linked ownership screening	Investment structures with ultimate beneficial ownership traceable to mainland China face separate, stricter review and possible blocking, independent of ordinary FDI rules	Map UBO chains early and disclose voluntarily; engage Invest Taiwan pre-filing to assess screening risk
Cross-strait military escalation risk	Periodic PLA drills, rocket and missile activity, and heightened rhetoric create episodic market volatility and an elevated geopolitical risk premium on Taiwan-domiciled assets	Build geographic and operational redundancy; track Ministry of National Defense and allied-government statements for escalation or de-escalation signals
Legislative gridlock over fiscal and defense policy	The opposition-controlled Legislative Yuan has cut and delayed both the special defense budget and the general annual budget in 2026, creating unpredictability around state spending, subsidies, and government-linked infrastructure timelines	Build schedule flexibility into any plan keyed to government co-investment; diversify beyond state-dependent revenue streams
US relocation pressure on the semiconductor supply chain	US policy aims to shift a meaningful share of Taiwan's chip production onto American soil, with steep tariffs threatened for non-compliant firms, creating a structural pull on Taiwan's core industrial base	Assess dual-location strategies for chip-linked investments; monitor the pending US Supreme Court ruling on tariff authority as a swing factor
Talent and technical-labor cost pressure	Rapid AI-driven hiring by TSMC and peers, combined with talent pulled toward new US fab build-outs, is tightening Taiwan's domestic engineering labor market and pushing up wages	Budget for technical-wage inflation; build partnerships with national universities and vocational programs for pipeline development
Land and energy constraints for heavy manufacturing	Science-park expansion, particularly in southern Taiwan, faces constrained industrial land and power supply, with energy-security questions following the 2025 phase-out of nuclear generation	Engage early with Taipower and local science-park administrations on power allocation; consider renewable power-purchase-agreement structures
Foreign-ownership caps outside tech manufacturing	Telecom, broadcast media, and select utility sectors retain foreign-ownership ceilings and licensing hurdles that complicate full foreign control	Structure through joint ventures with Taiwanese partners or minority-plus-governance-rights arrangements

INVESTOR RISK NOTE

Taiwan's political status remains a subject of unresolved dispute between Taipei and Beijing, and this briefing presents developments factually without taking a position on that dispute. Investors should independently assess their own tolerance for cross-strait risk: no major international insurer or rating agency is currently pricing in imminent conflict, but the elevated military activity and rhetoric of

2025-2026, combined with a legislature that has visibly cut defense spending, warrant tail-risk hedging through geographic diversification, political-risk insurance where available, and contingency planning for supply-chain continuity.

MARKET ACCESS

Taiwan is a WTO member (under the name "Chinese Taipei") with broad tariff-free or low-tariff access to most global markets, though its political status excludes it from mainland-China-centered regional trade architectures such as RCEP. The January 2026 trade framework with the United States lowered tariffs on Taiwanese exports from 20% to 15% and created privileged, though conditional, market access tied to onshoring and investment commitments. Taiwan also maintains free-trade arrangements with New Zealand, Singapore, and Eswatini, among others, and continues to pursue a fuller bilateral trade agreement with Washington beyond the 2026 framework.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Ministry of Economic Affairs / Invest Taiwan	Primary gatekeeper for FDI approval, incentive packages, and sector-specific screening	Early engagement streamlines approval timelines and surfaces available subsidies
National Science and Technology Council	Sets science-park policy and semiconductor/AI R&D subsidy allocation	Key partner for any investment tied to the Hsinchu, Tainan, or Taichung park ecosystems
Taiwan Semiconductor Manufacturing Company (TSMC)	De facto anchor of Taiwan's economy and the central commercial party in US relocation negotiations	Supply-chain qualification, supplier partnerships, and co-location strategies run through TSMC's ecosystem
Legislative Yuan (opposition KMT-TPP majority)	Controls budget approval, including defense and infrastructure spending tied to government contracts	Track committee schedules; government-dependent projects should factor in legislative calendar risk
Ministry of National Defense	Central to procurement planning, resilience strategy, and dual-use technology policy (drones, cyber, satellite)	Emerging opportunities in defense-adjacent and dual-use technology procurement
American Institute in Taiwan (AIT)	De facto US-Taiwan diplomatic and trade channel given the absence of formal diplomatic relations	Primary channel for US-linked investment, trade-framework compliance, and credit-guarantee access
Taiwan External Trade Development Council (TAITRA)	State-backed trade promotion body connecting foreign investors with Taiwanese suppliers and manufacturers	Useful for sourcing missions, supplier matchmaking, and sector-specific introductions

CURRENT INTERNATIONAL BUSINESS CHANNELS

Foreign investors typically work through a combination of sector chambers (such as the American Chamber of Commerce in Taipei and the European Chamber of Commerce Taiwan), TAITRA-organized trade missions, and direct engagement with Invest Taiwan's one-stop service. For semiconductor and advanced-manufacturing investment, supplier qualification and ecosystem access generally run through direct relationships with TSMC, UMC, or their first-tier equipment and materials suppliers, while finance and professional-services entrants commonly partner with Taiwan's major domestic banks or law firms to navigate sector-specific licensing.

INVESTOR PROFILE BEST SUITED

Taiwan suits investors already comfortable operating in advanced-technology supply chains and willing to accept meaningful cross-strait geopolitical risk in exchange for exposure to one of the world's most structurally important semiconductor and AI-hardware ecosystems. It is a strong fit for strategic industrial investors, supply-chain-linked private capital, and corporates seeking a foothold in both the Taiwan and (via the 2026 framework) US semiconductor build-out. It is a weaker fit for investors who require low political-risk, long-horizon certainty or who cannot tolerate episodic volatility tied to cross-strait military signaling.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Define the cross-strait risk posture

Before any capital commitment, establish an explicit internal view on acceptable cross-strait risk exposure, including contingency triggers and geographic diversification thresholds, since this will shape every subsequent structuring decision.

STEP 2: Engage Invest Taiwan early

Approach the Department of Investment Review to scope approval pathways, applicable incentives, and any UBO screening exposure before committing to a specific corporate structure.

STEP 3: Map the relevant ecosystem

For technology and manufacturing plays, identify the specific science park, anchor firm (such as TSMC or UMC), or supply-chain tier the investment will connect to, and begin supplier or landlord conversations in parallel with regulatory filings.

STEP 4: Assess the US-linked track where relevant

If the investment intersects with the January 2026 US-Taiwan framework (chip manufacturing, energy, or AI infrastructure), coordinate parallel engagement with US Commerce counterparts to understand tariff and credit-guarantee implications.

STEP 5: Finalize structure and build in flexibility

Close the investment with explicit contractual flexibility around government-linked incentives or subsidies, given the demonstrated volatility of Taiwan's legislative budget process in 2026.

WAVERLEY'S ROLE

- Independent due diligence on UBO structures and mainland-China-ownership screening exposure
- Coordination between Taiwan-side and US-side regulatory and commercial counterparts for cross-border, trade-framework-linked investments
- Ongoing geopolitical risk monitoring, including legislative budget tracking and cross-strait military-activity signals relevant to investment timing
- Introductions to science-park administrations, anchor-firm supply-chain contacts, and sector-specific chambers of commerce

INVESTOR CALL TO ACTION

Engage Waverley for a structured risk and opportunity assessment before committing capital to Taiwan-based manufacturing or supply-chain positions.

Contact Waverley to coordinate parallel US-Taiwan trade-framework engagement for investments spanning both markets.

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Waverley is tracking opportunities across three tiers: (1) direct participation in the AI-driven semiconductor capex supercycle, including equipment, materials, and advanced-packaging suppliers serving TSMC's expansion; (2) cross-border structures that pair Taiwan-based production with the US onshoring commitments under the 2026 trade framework, capturing both markets' incentives; and (3) selective opportunities in energy infrastructure and grid resilience tied to the science parks' expanding power needs following the 2025 nuclear phase-out.

POSITIONING

Waverley views Taiwan as a high-conviction, high-vigilance market: the underlying technology and manufacturing fundamentals are among the strongest anywhere in the portfolio, but the geopolitical and legislative volatility of 2026 means position sizing, structuring, and contingency planning matter more here than almost anywhere else Waverley operates.

Rather than avoiding Taiwan's cross-strait risk, Waverley's approach is to price it explicitly, build redundancy into client structures from the outset, and maintain continuous monitoring so that clients can act on, rather than be surprised by, shifts in the security or legislative environment.

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