

Overview of the Economy Development and Collaboration Opportunities between Taiwan and Russia

(from the perspective of global competitiveness report 2017)

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I. Fundamental data of Taiwan and Russia in 2017.

A.

	Taiwan	Russia
Population	23.5m	144m
Area	36,197 sq. km.	17,075,200 sq. km.
GDP	USD 566m	USD 1,561,000m
GDP per capita	USD 24,027	USD 10,885
FX reserve	USD 441,948m	USD 325,454m
WEF 2017 ranking (competitiveness)	15	38

B.

b1) Russia is the largest country in the world with rich natural endowments and a large market.

b2) Compared to Russia, Taiwan is financially stronger and with higher ranking competitiveness.

C.

- c1) How to do business under current economic situation.
- c2) How to enhance the financial relationship in addition to current Exim relending facility.
- c3) How to make full use of each country's advantage to increase trade/investment opportunities.

II. Business opportunities in the future

A) What can be read from "competitiveness report in WEF2017" ?

a) Strengths of Russia VS. Taiwan

	Russia	Taiwan
1	Health & Primary Education.	Health & Primary Education
2	Market Size.	Macroeconomic Environment
3	Higher Education & Training	Infrastructure
4	Macroeconomic Environment	Higher Education & Training
5	Infrastructure	Goods Market Efficiency
6	Technology Readiness	Technology Readiness

b) Weaknesses of Russia VS. Taiwan

	Russia	Taiwan
1	Labour Market Efficiency	Market Size
2	Goods Market Efficiency	Business Sophistication
3	Business Sophistication	Innovation
4	Institutions	Financial Market Development
5	Innovation	Institutions
6	Financial Market Development	Development Labour Market Efficiency

III. The areas where business opportunities can be identified.

a) Market size - Market development

Russia is such a great country which links with Europe, Asia representing huge markets for import and export. Organizations such as CIS, Eurasia...etc. can be further cultivated into many potential markets even under sanction by US and EU. In addition to that, the promotion of "Belt Road" policy by China can be a great opportunity as well.

Obviously, the market combination of China and Russia can be the greatest global market in the future. What Russia needs is to have good strategy of which Taiwan may have a role to play.

b) Goods market efficiency-Products development

Taiwan has gone through a series of economic development stages by exporting goods to the global market in the past few decades. Product lines from agriculture products, textile , to electronic products which have been manufactured under well-built strong supply chains .

After laptop and mobile phone, the latest trend is to provide SMART/green solutions with internet, IOT, AI...etc. to assist many countries to cope with the problems related to climate change , energy saving, and anti-poverty.

c) financial market development -financial products development

The reform for financial institutions in Taiwan is slow. As a result, most of the financial institutions are used to take only exporters/sellers-oriented credit risk. However, following the global trend of using more buyers/importers' credit to back up trade finance, credit insurance is getting popular. This is affected by the very high acceptance of "Open Account" terms by the international traders especially in electric industry.

While short term trade finance is catching up slowly , the long term financial services for green energy and other infrastructure business is unfortunately still far behind the international market practice. How to improve the financial cost by tapping Taiwanese cheaper funding to support those infrastructure projects could be an important issue for discussion by the financial institutions between the two countries.

d) labour market efficiency-job creation

Shortage of labour and land in Taiwan is an open secret. Many labour intensive industries have been transferred to China and other Asian countries. We can see the possibility of landing in Russia where the labour and land are abundant .

IV) Proposed solutions/products from Taiwan (SMART Solutions/products from Taiwan)

- 1) Internet network (web) + IOT (internet of thing) + Green energy +ESCO
- 2) surveillance system - UCAMpro
- 3) SMART Grid.
- 4) E-Home
- 5) others.