Switzerland adopts the one-China policy and does not recognize Taiwan under international law. Nevertheless, Taiwan is an important trading partner for Switzerland in Asia, Chris Cottorone writes in his essay for finews.first.

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This article was co-written with Brigitte Kaps, CEO and founder of Rent a PR.

Taiwan is a highly developed market economy that has experienced tremendous growth in recent decades. Regarding GDP, Taiwan is one of the world's top 20 economies and the global leader in semiconductor manufacturing, contributing over 60 percent of the world's raw semiconductors and more than 90 percent of the most advanced ones. Taiwan boasts a highly skilled workforce of 24 million people, a well-developed institutional framework, a wide range of
financial services, and attractive small and mid-cap companies for foreign investors.

Fitch forecasts Taiwan’s growth to accelerate to 2.8 percent in 2024 from 1.0 percent in 2023. Government spending and public investment should also grow in 2024; the central government called for a 7.2 percent increase in total expenditures, which forecasts a 1.7 percent rise in Taiwan's consumer price index, compared with an increase of 2.5 percent in 2023.

"Taiwanese investors seek opportunities to diversify in Europe, Southeast Asia, and the US"

Small- and medium-sized and family-owned enterprises are essential to the Taiwan economy. This significantly impacts how foreign firms or investors work with Taiwanese firms. Taiwan has a high percentage of both in the economy. It also impacts M&A as families have been approached and negotiated with differently than non-family-owned, professionally led firms.

Taiwanese investors, family offices, and UHNWIs generally seek opportunities to diversify in Europe, Southeast Asia, and the US. These are core regions focused by the Taiwan government and thus the Taiwanese firms, too. European and US firms will likely be jointly pursuing opportunities with Taiwan firms in Southeast Asia, just as they did earlier with them to go after opportunities in China before and as firms exit China to produce or market in Southeast Asia. The key sectors they focus on are renewables, energy, technology, and food tech.

"The laissez-faire approach to Hong Kong's economy was also how it is handled in Taiwan"

The role of government and firms here: The laissez-faire approach to Hong Kong's economy was also how it is handled in Taiwan. But this is handled differently. Most supply chains in Taiwan have many firms that work with each other. Also, the Taiwan government plays a role in protecting these firms and the supply chains for a variety of reasons, including security, such as the worry about sources of capital, technology being taken offshore, and ripple effects through the supply chain if there are disruptions. Taiwan's being outside of the global system has meant the Taiwan government is often an investor and partner to many firms, such as Taiwan
Semiconductor Manufacturing Corp. (TSMC), with Taiwan’s National Development Fund the largest shareholder with around a 6 percent stake.

Therefore, it is often vital for foreign firms interested in working with Taiwan firms or even conducting M&A in Taiwan not just to understand a potential firm they may be interested in but also know their key suppliers and partners, as well as understand how Taiwan’s government may view such a deal. This is also true for inbound M&A to Europe, as Taiwan firms will also consider if they can rely on their long-time Taiwan partners and suppliers if they expand or move into new regions.

«Business etiquette in Taiwan is strongly influenced by Chinese tradition and culture»

Switzerland is highly regarded in Taiwan as an essential and innovative pharmaceutical and biotech center. The same applies to financial technologies (fintech), where the regulatory framework is fascinating. Switzerland adopts the one-China policy and does not recognize Taiwan under international law. Nevertheless, Taiwan is an important trading partner for Switzerland in Asia. With its critical high-tech industries, the Taiwanese economy is a central link in the global value chain.

However, to be able to start business relationships with Taiwanese partners – let alone business negotiations – a few essential facts and customs must be considered before starting a conversation: M&A transactions require an empathic, sensible, and well-prepared communication strategy and knowledge of the local business etiquette in all transaction phases. First impressions count.

In general, international communication involves understanding the nuances of communication in different cultures, such as indirect language or nonverbal cues. It also involves being aware of and respecting the differences in cultural practices, values, and beliefs.

Business etiquette in Taiwan is strongly influenced by Chinese tradition and culture. «Guanxi» is the magic word. It refers to having personal trust and a strong relationship with someone and can involve moral obligations and exchanging favors. In an introductory meeting, it is crucial to introduce others instead of introducing oneself. As a rule, arriving on time and thoroughly prepared for meetings is recommended, even though these meetings are usually not firmly structured. Business etiquette also requires business cards, which can be placed on the table.
during a meeting.

«Taiwanese negotiating partners are very persistent when it comes to bargaining»

Different languages can lead to misunderstandings and errors. It is essential to use professional translators and interpreters to ensure that everyone involved understands the information correctly. The multilingualism of managers and employees can facilitate communication.

Taiwanese negotiating partners are very persistent when it comes to bargaining. The negotiation phase, in which concessions are made, and the parties come to terms, usually takes a long time. This sometimes includes initially quoting inflated prices or delaying tactics.

It is also essential that investors or businesses keep in mind Taiwan's reputation for focusing significantly on reducing costs and yet still providing advanced technologies and high quality. This also prompts some Taiwanese firms to continually figure out ways not to partner or work with others, as they seek to control costs by doing everything internally, which can be frustrating.

Overall, however, you can expect a polite and respectful negotiating style. Verbal promises are not necessarily binding for Taiwanese people. When talking to Taiwanese business partners, negotiation partners should be aware of the «group approach.» Therefore, they should not address only the apparent decision-maker but endeavor to involve the whole group in the negotiation. If one person in the group feels left out, this could haunt you later when you are denied help.

«Committed employees make M&A deals successful»

«Loss of face» is a significant issue in business negotiations. You should never criticize someone in front of others or get emotional, let alone lose your temper. Taiwan is a very hospitable nation. Especially at the end of the first visit, presenting small gifts from one’s home country is fairly standard. Avoid shaking hands too firmly when saying goodbye.
One often underestimated fact is that committed employees make M&A deals successful. The merger may unsettle employees, who may fear their jobs. It is vital to take these concerns seriously and communicate openly about them. Committed employees make M&A deals successful. This requires a unifying culture and a solid internal communication strategy. Employees need to feel comfortable and valued. The topics of employee experience, culture, and communication require comprehensive expertise.

Companies in different time zones must deal with the challenges of asynchronous communication. Different IT infrastructures and systems can also challenge communication. Therefore, finding and implementing compatible systems is crucial to ensuring a smooth flow of information and communication.