

# Taiwan Business Climate Survey 2020 Update as at March 31

## Background

The 2020 Taiwan Business Climate study was conducted at the end of 2019 and published on January 11, 2020. For the full report please click [here](#).

On January 20, Taiwan recorded its first case of the novel coronavirus-associated pneumonia.

As news of the severity of this disease spread throughout the world, businesses started to be affected, and consequently, to review their 2020 plans.

At the end of March, we reached out to the respondents to this survey and asked them to update us in three critical areas: **Revenue and Profit forecasts**, changes in **Investment** levels, and their new **5-year Business Outlook**.

The following charts summarise their responses along with the ten-history of these measures.

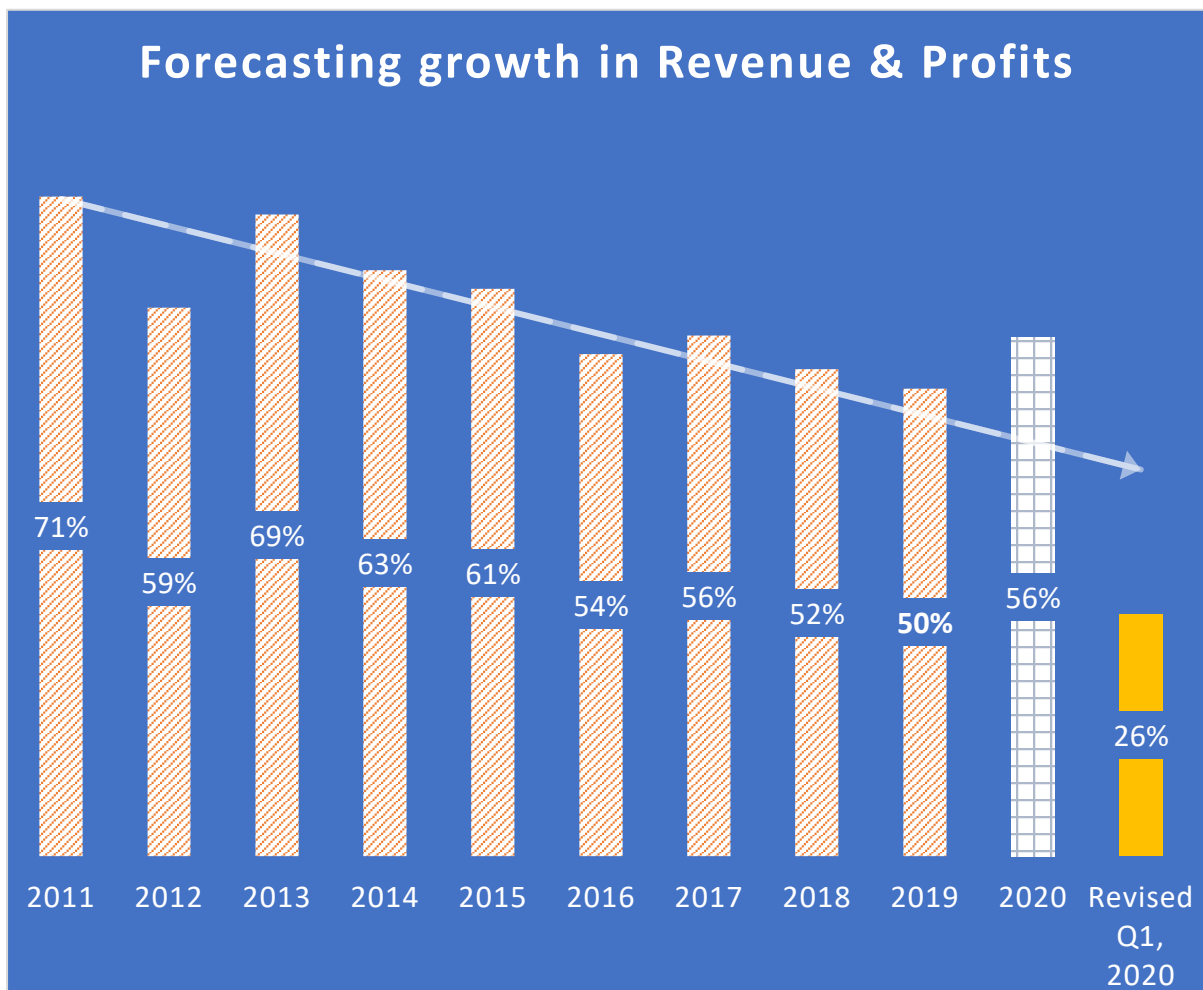
We would like to sincerely thank all those who took part for their time, insights, and comments.

We hope you find the following update summary report of interest and help.

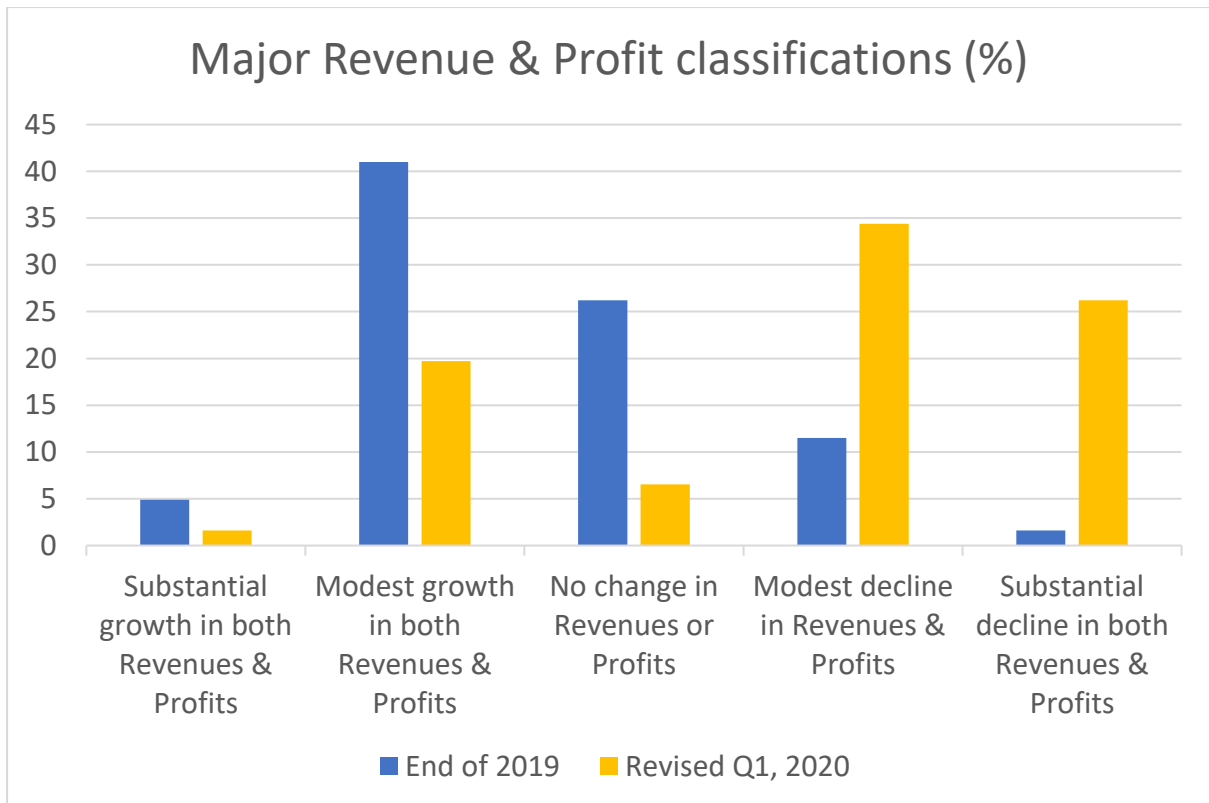
For additional information, please [contact us](#).

## Revenues and Profits: *Major decline in growth now forecast*

At the end of last year, we saw most businesses forecasting revenue and profitability growth for 2020. This has now dissipated.

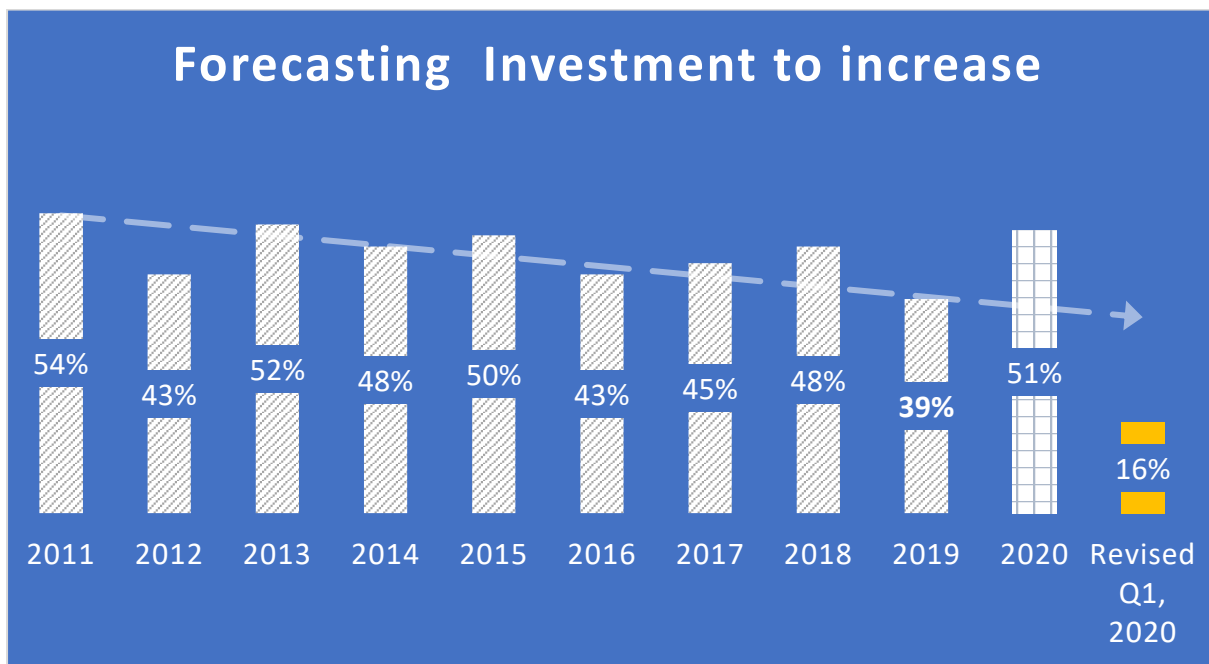


Most of the changes in both revenues and profits were described as “Substantial”, followed by “Modest”.



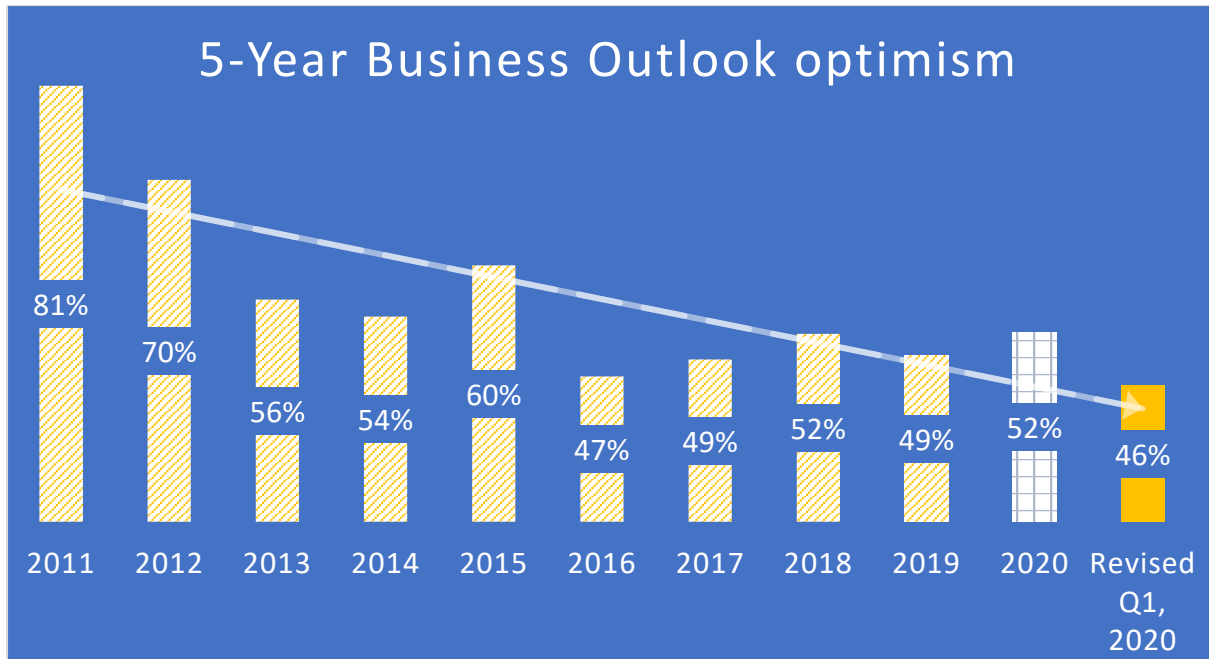
## Revised Investment Forecast for 2020: *From majority to minority*

At the end of last year, most companies were planning a **slight increase** in their 2020 level of investment in Taiwan. This has now changed, dramatically, with only 16% of companies now forecasting an increase in investment.

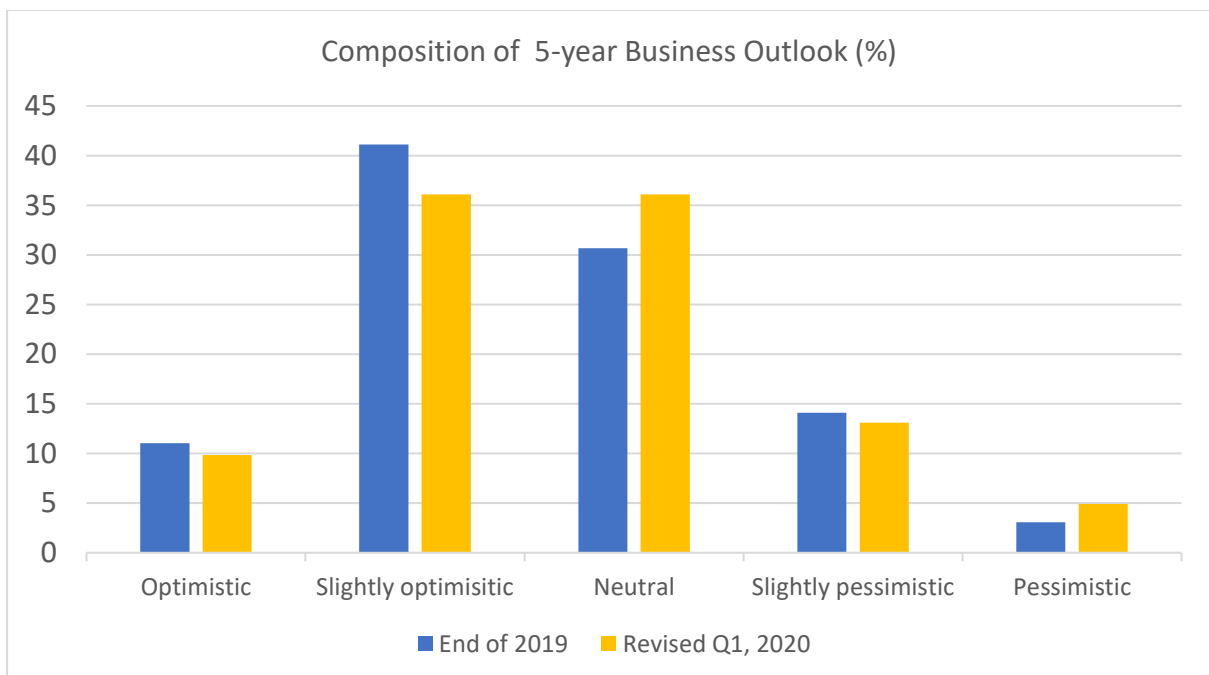


## Forecast for the next 5 years: *Optimism mostly remains*

Most businesses (46%) continue to be optimistic about their 5-year outlook.



Slight softening in 5-year outlook.



## Some unprompted comments from Business Leaders: **Mostly positive**

*“The virus will have a significant impact on our firm's business for the rest of 2020. If "investment" is measured for a service business in terms of FTE headcount, we hope to avoid layoffs, but likely will be slow this year to replace people lost through normal attrition. I think our firm will benefit over the longer term from increased foreign investment into Taiwan. Because Taiwan has not experienced a public health crisis, Taiwan will benefit earlier than, e.g., China, from new investment from the United States and Europe as companies in those places recover from the effects of the virus.”*

*“This is a temporary setback which will blow over but may have long term implications due to supply chain AND consumers being hit.”*

*“Taiwan is doing the best job in the world in responding to the crisis, but the economy will be unavoidably damaged. I'm optimistic that Taiwan will recover ahead of other nations.”*

*“Geopolitical uncertainty (especially worsening relationship with China) will affect investment and business.”*

*“No concerns as long as the government reforms its funding policy for supporting the people and vulnerable patients.”*

*“The situation and therefore the outlook are still uncertain.”*

*“Asia-Pacific impact and impact of the world economy on the future of Taiwanese consumers aren't predictable. The world economy could be in recession for some time.”*

*“We are a hospitality company as well as a food and beverage manufacturing company whose primary business is on-trade customers. Almost all on-trade businesses in hospitality have seen a 60-70% decrease in revenues, putting a strain on the entire supply chain.”*

*“Using the period of the huge decline in customers and revenue for major renovations of our hotel to at least get ready for upswing once it comes. We believe Taiwan will be a more attractive destination after receiving more international attention for the so far successful crisis management. Fingers crossed.”*