



EUROPEAN CLUSTER  
COLLABORATION PLATFORM

# Country factsheet

Taiwan

An initiative of the European Union





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## Introduction



This document presents an overview of the cluster policy in Taiwan. Given its importance to contextualise the cluster policies (and related) analysed in the factsheets, a comprehensive outlook of the country in socioeconomic terms can be consulted in the [Country Profile Taiwan](#) by Nordea1.

The “Country Snapshot” is a bi-annual update, highlighting the country’s recent developments, economic outlook and major overview of the World Bank’s partnership with the country.

Despite having emerged from the worst of the global coronavirus crisis in a far better state than many comparative economies around the world, Taiwan has still initiated wide-ranging moves to restart its many heavily export-reliant industrial divisions and currently ailing tourism sector. The Taiwanese authorities adopted a “relief followed by stimulus” strategy, which saw a series of supportive measures for various industries and individuals rolled out from late February. More recently, an additional economic stimulus package has been added to the mix. Clusters are not directly mentioned on those measures.





# 01



## National cluster policy, programmes and initiatives





## 1. National cluster policy, programmes and initiatives

Policy type:	National cluster policy
Policy name:	5+2 Innovative Industries Plan
<p><b>POLICY OBJECTIVES</b></p> 	<p><b>Strengthening cooperation between companies or industry and RTDI actors</b></p> <p><b>Increasing competitiveness and boosting scale up of SMEs</b></p> <p><b>Supporting internationalisation activities</b></p> <p><b>Fostering R&amp;D activities, technology development and implementation</b></p> <p><b>Fostering innovation and strengthening innovation ecosystems</b></p> <p><b>Promoting entrepreneurship, start-ups and spin-offs</b></p> <p><b>Promoting social and sustainable economy and other solidarity-based initiatives</b></p> <p><b>Promoting employment and upgrading skills and competences</b></p> <p><b>Connect to global supply chains</b></p> <p>The 5+2 Plan builds on Taiwan's strength in the ICT cluster to develop clusters in smart machinery, IoT (Asia Silicon Valley plan), clean energy, biotech, defense, the circular economy, and agriculture. The Plan encourages greater innovation including R&amp;D, the strengthening of an innovation ecosystem including promoting entrepreneurship, all with the aim of developing international connections to export products and services. The Plan also takes into consideration equitable regional development.</p>
<p><b>POLICY FOCUS</b></p> 	<p><b>Cross-sectoral</b></p> <p>The 5+2 Plan builds on Taiwan's strength in the ICT cluster to develop clusters in smart machinery, IoT (Asia Silicon Valley Promotion Plan), green energy, biomedical, and defense, and was expanded to include the circular economy and new agriculture to form the 7. The government also added digital economy and cultural innovation, with semiconductors and integrated circuit design included but with the policy name remained unchanged.</p>






Policy type:	National cluster policy
Policy name:	5+2 Innovative Industries Plan
<b>RESPONSIBLE AUTHORITIES</b> 	<p><b>In charge of drafting</b></p> <p><b>Provides funding</b></p> <p>While the Industrial Development Bureau, Ministry of Economic Affairs has introduced the Plan, various other ministries and agencies are in charge of implementing the Plan and developing the appropriate annual budgets for each of the clusters.</p>
<b>BENEFICIARIES</b> 	<p><b>SMEs</b></p> <p><b>Research organisations</b></p> <p><b>Academic institutions</b></p> <p><b>Start-ups</b></p> <p><b>Business associations</b></p> <p><b>Large firms</b></p> <p><b>Technology centres</b></p> <p><b>General population</b></p> <p>The 5+2 Plan is designed to produce more jobs for the general population, invest directly in SMEs and large firms, especially manufacturers that are exporting already. The strong emphasis on R&amp;D and innovation also mandates that there are close ties with research institutions. As Taiwan does not traditionally have cluster organizations, it is business associations that will benefit from this Plan.</p>



Policy type:		National cluster policy
Policy name:		5+2 Innovative Industries Plan
<b>INSTRUMENTS</b> 	Financial	<b>Funding collaboration initiatives</b> <b>Support to R&amp;D projects, SMEs becoming cluster members, etc.</b> <b>Subsidies to hire personnel</b> <b>Subsidies for cluster infrastructure (e.g. offices, equipment)</b> <b>Supporting market entry (e.g. testing, proof-of concept, prototyping, demonstration projects)</b> <b>Financing startups</b> <b>Innovation: voucher, support to hire PhDs, cooperation with R&amp;I actors</b>
	Technical assistance	<b>Infrastructure: coworking spaces, offices, incubation and accelerator spaces, research centres, technology parks etc.</b> <b>Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence</b> <b>Support for networking and partnership building (at national and/or international level)</b>
	Explanation	The Plan will draw from the Industrial Innovation and Transformation Fund (€3,01 billion) and National Investment Corporation (€0.1 billion), which will be coinvested with private investment. The government will not act as the lead on the projects nor be the sole highest cash investor. Domestic firms that want investment or private investment firms that are willing to contribute need to apply with the government.
<b>HISTORY</b> 	Period	<b>Unlimited period</b>
	Ending year (for policies with limited period)	-
	Starting year	2016
	Explanation	The Plan has not specified an end date, but the 9 clusters are governed by different ministries, plans and budgets that have varying starting and ending years.



Policy type:		National cluster policy
Policy name:		5+2 Innovative Industries Plan
<b>BUDGET</b> 	Overall	€3,31 billion
	Annual	Varies, depends on the corresponding ministry and agency responsible for each of the 9 clusters.
	Source of funding	The 5+2 Plan is backed by the Industrial Innovation and Transformation Fund (€3,01 billion) and National Investment Corporation (€0.1 billion).
<b>POLICY EVALUATION</b> 	Availability	<b>No policy evaluation</b>
	Results	Results are reported by the individual ministries and agencies responsible for each of the 9 clusters but there is no official consolidated evaluation.
<b>POLICY ALIGNMENT WITH THE EU PRIORITIES</b> 		<b>Green economy</b> <b>Digitalisation</b> <b>Social inclusion</b>



02

## State of play of cluster policy



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## 2. State of play of cluster policy

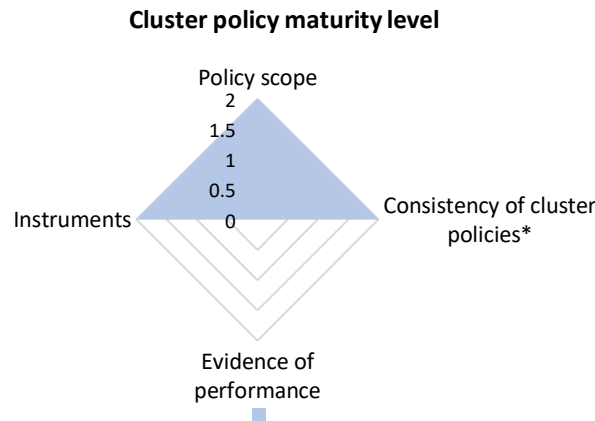
The data below illustrates how the country ranks in terms of maturity of cluster policy. The maturity index is based on a combination of factors presented in Chapter 1 and which are scored based on their existence:

- **Policy scope:** whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies (existence of broader policies = 1 point; existence of targeted cluster policies = 2 points)
- **Consistency of cluster policies:** assessment of the duration and experience of the country in doing cluster policies. This dimension assesses only existing cluster policies and not broader policies (no cluster policies available = 0 points; < 10 years of experience or > 10 years (but interrupted) = 1 point; > 10 years (but with clear continuity = 2 points)
- **Evidence of performance:** the existence of monitoring and evaluation mechanisms determines the degree of policy development in the country (no evaluations = 0 points; existence of evaluations of past policies or in-itinere = 0.5 points; existence of ex-ante and/or ex-post evaluations = 0.5 points)
- **Instruments:** whether the policies provide any instruments to support the policy implementation, being these financial and/or technical assistance (1 point for each type of instrument available)

It is important to note that the maturity does not reflect the performance of a country, but only the degree of development of their cluster policy at the moment when the data was collected (2020 and 2021). The maturity index illustrates how the country scores for each of these four dimensions (policy scope, consistency of cluster policies, evidence of performance and instruments) compared to the maximum score that they can reach.

	Taiwan	Maximum score
Policy scope	2	2
Consistency of cluster policies*	2	2
Evidence of performance	0	1
Instruments	2	2

*\* This dimension is scored solely if the country has a dedicated cluster policy and it assesses only cluster policies*



### State of play of cluster policy in the country

**Policy evaluation (for terminated policies)**

**No policy evaluation**

Although Taiwan has introduced cluster policy for the last 30 years there are no available comprehensive policy evaluations available for its past policies.



<b>Policy approach in the country</b>	<p><b>Cluster approach used directly by national/regional development agencies</b></p> <p><b>Specific policies to support cooperation projects</b></p> <p><b>Broad-based framework policies to support cooperation effectiveness</b></p>
<b>Continuity</b>	<p>Taiwan has introduced cluster policies since the 1980s with the introduction of the Corporate Synergy Development Centre in 1984, which promotes cluster development as a means to spur SME growth. The Centre continues to operate today. The i-Taiwan 12 projects (from 2009-2016) were largely infrastructure based as Taiwan's clusters are typically situated in industrial parks and were introduced with the incoming President Ma Ying-Jiue. Many of the infrastructure projects are complete but some are still undergoing construction. In 2016, the 5+2 Plan was introduced and continues to operate under the new President Tsai Ing-wen.</p>
<b>Consistency</b>	<p><b>&gt;10 years (but with clear continuity)</b></p> <p>Taiwan's cluster policies have evolved over the past 30+ years and have varied from infrastructure projects to support SMEs and R&amp;D of existing regional strengths to more specific cluster policies such as the 5+2 Plan and cluster development through the Corporate Synergy Development Centre, which still operates today and is steeped in cluster theory and practice based on Porter's academic work. The Taiwanese government has also tried to use cluster policy as a means to increase regional cohesion as traditionally, Northern Taiwan has been more prosperous than Central or Southern Taiwan. For example, the 5+2 Plan is focused on developing cross-sectoral technologies such as the Internet of Things, of which the supply chain cuts across Taiwan but the ICT clusters are based in Northern Taiwan. Conversely, the inclusion of agriculture as a cluster of focus in the plan is to intentionally focus on the agriculture cluster in the Southern Taiwan.</p>

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