

Taiwan

Taiwanese groups consider overseas headquarters to hedge against Chinese attack

Global efforts to secure supply chains put pressure on contractors to establish 'alternative command system abroad'



Taiwan's contract manufacturers have for decades formed the backbone of global supply chains for electronic devices and their components © Bloomberg

Kathrin Hille in Taipei YESTERDAY

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Several large Taiwanese manufacturers are considering setting up a second headquarters overseas to ensure they can keep operating in the event of a Chinese attack on their country.

The plans, which remain preliminary in most cases, highlight how global efforts to secure supply chains are forcing companies that play a vital role in manufacturing networks, especially for tech products, to make extensive changes.

“We have clients who are looking into or planning for setting up a second headquarters,” said Raunie Kuo, a partner and head of the family office business at KPMG in [Taiwan](#). The groups are “in manufacturing [and] currently looking for a location for a second headquarters in south-east Asia, just in case an emergency happens in Taiwan, to give them an alternative command system abroad that they can immediately activate”.

Taiwanese contract manufacturers have for decades formed the backbone of global

Taiwanese contract manufacturers have for decades formed the backbone of global supply chains for electronic devices and their components, including personal computers, smartphones, servers and telecom networking gear. They are also increasingly penetrating markets for industrial automation, medical devices and electric vehicles.

According to several people involved in the deliberations, companies exploring options for a second headquarters abroad include Lite-On and Qisda, which make electronic components and devices for consumer, telecoms, automotive and medical applications.

[China](#) claims Taiwan as part of its territory and threatens to annex it if Taipei resists unification indefinitely. Although Taiwanese experts consider a Chinese attack unlikely in the near term, increased pressure from Beijing and military intimidation tactics have led many foreign companies and customers of Taiwanese groups to initiate some contingency planning.

Driven by rising costs in China, the US-China trade war and customers' demands to "de-risk" from China, groups such as Apple suppliers Foxconn and Pegatron are expanding in south-east Asia, India, Mexico, the US and Europe instead of China, where much of their production capacity has traditionally been concentrated.

The country head of a global consultancy in Taiwan, who did not want his name published, said many companies were still mostly focused on geographically diversifying production, and other changes such as building contingency structures would follow. "But discussions about back-up headquarters have started at the top in the largest groups," he said.

The country head said he was urging clients to at least replicate some headquarter functions in a second location. "You have to ask yourselves, if a conflict forces us to cease operations in Taiwan for six months or a year, can we survive? You don't need investor relations there, but you can't survive without finance, payroll and receivables."

The chief financial officer of one company said his group was looking at putting a second headquarters in Singapore because the group was expanding production in two south-east Asian countries.

Other people involved in similar discussions said Singapore, Japan, Switzerland or the Netherlands were options for establishing second headquarters. They ruled out the US. Although it is a major market for Taiwan technology companies, the country was not a suitable location for a second headquarters for tax reasons, they said.

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The heightened contingency planning is part of broader structural change in Taiwanese groups as they learn to operate in many new jurisdictions.

Topco, a chemicals and parts supplier for semiconductor plants, has put together a 10-year plan for setting up additional units in various regions and for hiring and training mid-level executives to be rotated through different countries, co-chief executive Charles Lee told the Financial Times. “These mid-level managers will be senior executives 10 years from now,” he said.

But executives, lawyers and consultants said many companies were still moving slowly.

“While their agility has helped Taiwanese companies survive and evolve well, they are not good at planning,” said one consultant.

Chaney Ho, founder of industrial computer maker Advantech, said [China’s military exercises around Taiwan](#) in August 2022 in response to a visit to Taipei by then-US House Speaker Nancy Pelosi had triggered discussions about second headquarters. But he argued there was no urgent need for such structures. “You can do almost all of that virtually,” he said.

Qisda and Lite-On declined requests for interviews with top executives. A Qisda spokesperson said the group was not considering setting up a second headquarters abroad. Lite-On did not respond to a request for comment.

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