

TAIWAN

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A smart island
punches above
its weight in
the global
yacht market





"As the pandemic continues to spread across the world, Taiwan seems to have it under control. The manufacturers, shipyards, marinas and yacht clubs are all operating as normal"

The show goes on...

A message from TAITRA, the Taiwan External Trade Development Council



The Kaohsiung Exhibition Center is home to the Taiwan International Boat Show (TIBS). The next edition will be held from March 10-13, 2022

There's no denying that the outbreak of the novel coronavirus (COVID-19) has had a profound effect on both the travel and superyacht industries worldwide. The global pandemic has forced many boatyards to suspend production, and it is all the more difficult for dealers, as the current method of 'delivery and collection' can at times be agonisingly slow. The pandemic has created much uncertainty within the yachting industry – especially in the US and Europe. In Asia, the organisers of several regional boat shows have either cancelled or postponed their events. For example, the 4th Taiwan International Boat Show (TIBS), originally due to be held at the Kaohsiung Exhibition Center in March this

year, has been postponed to 2022.

Europe and the US in particular are important markets for Taiwanese boatbuilders. Asia accounts for less than 4% of Taiwan boat sales (75% of which are generated in China), and the Asian market has been declining for several years – a situation that predates COVID-19. But as the pandemic continues to spread across the world, Taiwan seems to have it under control. The manufacturers, shipyards, marinas and yacht clubs are all operating as normal.

The Taiwan External Trade Development Council (TAITRA) and the Taiwan government have worked hard to promote the local yacht industry and its marina-friendly environment

in recent years, and will continue to do so once the pandemic is over. Taiwan's highly-developed supply chain and extraordinary craftsmanship offer strong support to the industry in these difficult times. On a more positive note, the IMF's recent World Economic Outlook expects the global economy to grow by 5.8% in 2021 as business activities return to normal. According to TAITRA's observations, Taiwan yacht-builders and related manufacturers look forward to this recovery, as well as the boost it will give the global yacht market. "While the impact of COVID-19 forced the postponement of this year's Taiwan International Boat Show (TIBS), we feel we must do our bit to ensure the safety



"Taiwan yacht producers have been honing their customisation skills for many years, collaborating with well-known designers throughout Europe"

TAIWAN PROFILE



The value of exported yachts reached US\$230m in 2019

Over 80% of all yacht-related businesses in Taiwan are based in Kaohsiung

Taiwan ranks sixth globally and first in Asia for the number of superyacht orders placed in 2019. The country's yacht producers have been honing their customisation skills for many years, collaborating with well-known designers throughout Europe. With excellent craftsmanship, technology and design capabilities, the yacht industry in Taiwan is now globally renowned. Taiwanese companies such as Ocean Alexander and Horizon Yachts are among the Top 10 superyacht producers in the world, exemplifying the power of the 'Taiwan Yachts' brand. As well as superyachts, Taiwan is also capable of building small and medium-sized boats to meet all kinds of demand.

EXPORT MARKET

Yacht manufacturing in Taiwan is predominantly export-driven. The value of exported yachts in 2019 reached US\$230m, a 38% increase over the previous year, with output mainly destined for the United States (68.7%), Australia (13.8%), Italy (3.7%) and Japan (2.6%).

INDUSTRY CLUSTER

Over 80% of Taiwan's yacht-related companies are located in Kaohsiung, host city of the Taiwan International Boat Show (TIBS). With everything from R&D centers, manufacturers and suppliers of hardware, components and machinery, to marketing firms, dealers and agencies, the southern port city of Kaohsiung has an entire yacht supply chain of its own. With this well-developed chain, yacht producers can shorten the process of manufacture and reduce their overall costs.

and health of our exhibitors and stakeholders," says Andrea Lou, show manager. "The TIBS organising team will get through this difficult period to enjoy an even bigger, better and more successful than ever edition of the show in March 2022. We are hopeful that the entire global industry will recover fully once the pandemic is over."

Meanwhile, IAITRA's overseas offices will continue to provide the latest information on the Taiwan yacht industry to create more business opportunities worldwide. ●

“With the government starting to look into the development of marine leisure activities and the loosening up of regulations, we are seeing rapid growth in the marine leisure industry”

Strength in adversity

While many countries struggle to keep the spread of COVID-19 under control, Taiwan has done an exceptionally good job containing the virus – particularly considering its proximity to the source of the outbreak in Wuhan, China. Shipyards are operating as normal, although late deliveries of raw materials and other equipment has led to delays in production schedules. Cancelled orders aren't uncommon, but Taiwan shipyards are still productive, thanks to their ability to adapt and respond in times of crisis. Many companies have started to produce personal protection equipment to help contain the virus, making Taiwan the second-largest country for mask production worldwide. We asked Howard Gung, chairman of the Taiwan Yacht Industry Association (TYIA) and head of local motoryacht-builder Kha Shing Enterprises, to give his impression of the Taiwan boating market in a post-COVID-19 world.

Q. How are Taiwanese boatbuilders and equipment suppliers adapting to the 'new normal'? Are they still building boats and performing sea trials?

A. Currently, all shipyards are operating as usual. It's not much different compared to before outbreak of the virus. The only difference is that we have requested all visitors and suppliers to have their temperatures measured and must wear masks at all times when entering premises. Since boat owners are not able to travel to Taiwan, all inspections and sea trials are done by their trusted surveyors in Taiwan.

Q. And in terms of business? Are sales still strong? What are your forecasts for the industry in 2020?

A. The orders for boats in production in 2020 were obtained before the spread of the virus. This is why Taiwanese boatbuilders are still building boats for upcoming deliveries and are not affected by the pandemic at the moment. However, since the global outbreak of the virus in March, we are getting inquiries for new orders but have not had much success in obtaining them. The main reason would be that there are doubts of how big the pandemic will affect the global economy. As a result, this will definitely affect the sales for the Taiwan yachting industry for next year and even the year after.

Q. What was your reaction to the news that TIBS 2020 has been cancelled?

A. We held over 10 meetings between January and March on subjects from initial preparations of TIBS 2020 to whether to cancel the show due to the pandemic. The organiser fully communicated with the related government institutions and all exhibitors throughout the entire decision-making process. After extensive surveying

of exhibitors to see whether they would like to postpone or cancel the show, and with the pandemic getting worse globally, I was not surprised that the organiser decided to cancel the show. And I believe it was the right decision to make under these circumstances.

Q. Can you name one or two Taiwanese marine firms that are performing particularly well, or doing something unique?

A. With the government starting to look into the development of marine leisure activities and the loosening up of regulations, we are seeing rapid growth in the marine leisure industry, particularly at places such as Pier 22 and Argo Yacht Club. These two are very different companies in terms of what they do to promote the industry. Pier 22 is committed to promoting the ocean and yachts as a new lifestyle for the general public, where people are able to charter yachts at affordable prices and enjoy the marina without having to become a member of any club. Also, since Pier 22 is operated by Kha Shing Enterprise, Pier 22 is able to provide one-stop services to boat owners, including berthing, maintenance, repairs and full management.


Argo Yacht Club is doing things differently. They focus on providing exclusive services to their members. By doing so, they have managed to capture the mindset of certain elites who want the experience of extreme exclusivity. Also, Argo Yacht Club has put a lot of effort into marketing to promote the yachting lifestyle in Taiwan.

Q. Have you noticed any trends in the Taiwan boating market? What are customers increasingly asking for?

A. We are seeing more sailing boats and motoryachts being imported and most of them are around 30ft in length. Also, it is quite clear that more people are starting to learn how to sail and obtaining their powerboat license. In terms of commercial purposes, there are construction building companies that are using yacht chartering tours to make their products more unique



TYIA chairman Howard Gung



Howard Gung:
"More people in Taiwan are learning
how to sail and obtaining their
powerboat licence"

and to further promote their products.

At the same time, the second generation of wealthy families are exploring the yachting lifestyle and they are not shy to show off their wealth. Hence, we are getting more inquiries for customised charter packages.

Last but not least, both the government and local businesses have worked hard to promote yachting in recent years. As a result, this new yachting lifestyle is starting to become part of our daily lifestyle in Taiwan.

Q. Can you provide details of any new or significant marine infrastructure projects that are taking place in Taiwan that our readers should be aware of? Is there still a shortage of marinas?

A. There is only one marina under development at the moment, which is Argo Marina. There are actually a few more possible marina developments still seeking potential developers, such as Love River Bay in Kaohsiung, Taichung Harbor and Kinmen Harbor. These projects have been seeking potential developers for years but have yet to find the right developers for various reasons, such as rental costs, royalties and other

requirements, or not being able to meet the demand of the market.

Actually, there is a shortage of berthing spaces. New available berthing spaces in yacht marinas are far less than new yacht registration in Taiwan every year. This has resulted in many yachts being forced to berth in fishing harbours and they sometimes get into unnecessary disputes with local fishermen.

Our government institution works hard to search for new places to build yacht marinas. However, they are not further progressed due to protests from fishermen. I would say this is the biggest hurdle we have to overcome in order to take the yacht industry one step further domestically.

Q. What is the Taiwan Yacht Industry Association doing to help grow the boating lifestyle in Taiwan?

A. Our role is to focus on ongoing discussions with the government to loosen any outdated, unreasonable and inappropriate policies and regulations. We also work on simplifying the boat registration process, regulations when entering/leaving harbours, acquiring

more available berthing spaces for yachts in fishing harbours, integration of yacht management policies from different cities and obtaining subsidies for the yacht industry from the government, including the Taiwan International Boat Show (TIBS) and other promotional activities.

Every year we help the government to plan for future developments for the industry for the upcoming year.

Q. And is it working? Are you seeing many newcomers to boating? Are young people interested in taking up boating as a leisure activity?

A. We are seeing more foreign boat owners berth their boats in Kha Shing Pier 22 and other marinas. And there are more inquiries for both purchasing and chartering yachts from domestic entrepreneurs.

We are also getting charter inquiries from the general public, particularly from the younger crowd. They are looking for different kinds of experiences by celebrating their birthdays, weddings or gatherings in more exclusive surroundings, such as being onboard a yacht. ●



A real winner: The Rob Humphreys-designed Monte Fino 76 Fly made its global debut at TIBS 2018

KHA SHING ENTERPRISES

Leading by example

Although most Taiwanese yacht-builders support the idea of growing local demand for pleasure boats, one company stands out from the crowd for its ability to lead by example. Kha Shing Enterprises, builder of the Monte Fino range of Rob Humphreys-designed motoryachts from 76ft-100ft, has delivered over 1,000 units since it was founded in 1977 – everything from small, entry-level boats for the Asian market to large, luxury vessels designed to attract wealthy US buyers. Yet they all share one thing in common: the power to capture the imagination and trigger the aspirations of newcomers to boating.

As well as building yachts, Kha Shing also runs Pier 22 marina in Kaohsiung, where it operates a growing charter fleet that provides easy access to the sea and affordable opportunities for locals to get out on the water. The marina has been home to the on-water element of the Taiwan International Boat Show

(TIBS) since its inaugural edition in 2014 and is located just outside the Kaohsiung Exhibition Center in Kaohsiung Harbour – the largest and busiest port in Taiwan.

"We provide 25 berthing spaces and we're fully booked at the moment. Most are local yachts with a couple of them from overseas," says Kha Shing's Virginia Chuang.

"Promoting the boating lifestyle is something we are fully committed to," she adds. "That's why Pier 22 is open to the general public. Anyone can come to our marina and enjoy the beautiful scenery of Kaohsiung Harbor and the charter yachts without being a member of any club. We also try to organise different kinds of events, including charity events, to make our marina one of the 'must-see' attractions of Kaohsiung City."

Kha Shing currently has seven yachts in its charter fleet, including the Monte Fino 76 Fly, Taiwan's first 'live-aboard' diving yacht that

had its global debut at TIBS 2018. Since then, the 23m yacht has met with critical acclaim and has gone on to win many accolades, including the prestigious 2020 Taiwan Excellence Award on behalf of the Taiwan External Trade Development Council (TAITRA) and Ministry of Economic Affairs.

Over the last three years, Kha Shing's charter business has seen double-digit growth each year. "We continue to see more people who are willing to charter a boat rather than own one," says Chuang. "These are people who like boating, or people with no experience who would like to try. For those thinking about buying a boat, they typically look for an entry-level model that is inexpensive, with air-con, a hard top and sufficient seating space for entertaining that is easy to drive and maintain."

"We're definitely seeing more newcomers to boating," she adds, "particularly from the younger generation who like watersports and



"TIBS is a channel that allows us to introduce Taiwan's yacht-building industry to the world; not just the yacht manufacturers, but also the many related materials suppliers"

are now becoming interested in taking up boating as a leisure activity. Some of these people have already been into fishing and/or diving for some time."

Kha Shing is now looking to provide additional services for locals, including more berths and the possibility of promoting and selling more entry-level boats and yachts built by well-established names in the US and Europe. But for now, Kha Shing remains an export-focused company and one of Taiwan's biggest overseas names in semi-custom yachts. "In the last 12 months, we completed and delivered three new models for three different clients," says Chuang. "They were 50ft, 66ft and 120ft in size and were all on display at the Ft Lauderdale International Boat Show (FLIBS) last year. We also came to an agreement with a design firm earlier this year to develop new Monte Fino models. We will disclose more information at a later date."

In addition to its own Monte Fino range, Kha Shing also builds under contract for overseas firms such as US-based Offshore and Hargrave Custom Yachts, and Australia's Belize motoryachts from Riviera. The 120ft model displayed at FLIBS last year was the new G120 Galati Signature Series for Hargrave. Designed by US naval architect Jack Sarin, the 36.5m raised-pilothouse yacht was built from a completely new semi-displacement fibreglass hull design, offering long-range efficiency and enough space for a five-stateroom layout for up to 10 guests. The other two yachts at FLIBS were the Outback 50 and the Belize 66 Daybridge.

Kha Shing currently has eight yachts in build. "Five will be delivered before the end of this year," says Chuang. "Most are going to the US and one is going to Australia." ●



Kha Shing's Pier 22 marina is home to the company's growing charter fleet

MAN SHIP MACHINERY & HARDWARE

Feeding the supply chain



Man Ship's portfolio includes everything from aluminium boat windows to sliding saloon doors



A hinged deck hatch in stainless steel



Rectangular portholes provide plenty of natural light

As well as supplying the OEM market in Taiwan with marine chandlery, Man Ship Machinery & Hardware also manufactures exclusive lines for US firms and carries its own expanding range of hardware – everything from stainless hatches, saloon doors and portholes to aluminium boat windows. Man Ship has many years' experience producing one-off orders in stainless steel (304 or 316), as well as aluminium extrusions and castings in aluminium, zinc or bronze. The Kaohsiung-based business is a reliable partner to most of the big, local yards.

"We believe that the extensive supply chains that our industry built up half a century ago in Taiwan constitute a major advantage," says Ching Huang, Man Ship's

general director. "Through the experience and skills passed down to future generations, Taiwan has trained a large number of highly qualified employees and developed advanced shipbuilding technology. We have transformed into a high-tech industry with the highest of standards. We also have the support of the Ship and Ocean Industry R&D Center (SOIC), a government institution that focuses on yacht development and design and the only national R&D center in the world that solely focuses on ships and the boating industry. Through rapid communication and collaboration, and the prosperity of surrounding parts factories, the entire supply chain is flourishing." ●



Ching Huang, general director



TAIWAN INT'L BOAT SHOW

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www.boatshow.tw

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