Taiwan launches offshore asset management bid from port city

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Its strategic location and policy support position southern Kaohsiung as a new base for offshore funds, despite regulatory and geopolitical challenges.

The southern city of Kaohsiung is fast becoming a focal point in Taiwan's financial landscape, positioning itself as a hub for achieving the island's offshore asset management ambitions.

This transformation is being driven by a mix of geographic advantages, targeted incentives and alignment with national capital mobilisation plans.

As Taiwan's largest port and a key node in regional shipping lanes, Kaohsiung offers a compelling location for back-office financial operations and cross-border fund flows. Its infrastructure and connectivity make it particularly attractive to global asset managers seeking cost-efficient regional bases, observers said.

Steve Alain Lawrence
Balfour Capital Group

"As part of efforts to decentralise financial services from Taipei, Kaohsiung offers lower operational costs, ample commercial space and strong support from the city government," Steve Alain Lawrence, CIO of Balfour Capital, told *AsianInvestor.*

The city's asset management zone overlaps with the Asia New Bay Area, a designated innovation district focused on AI, fintech and 5G development.

"This proximity fosters collaboration between asset managers and tech startups, creating a dynamic ecosystem that blends financial services with cutting-edge technology," Lawrence said.

"This combination of infrastructure, policy support and innovation gives Kaohsiung a unique edge in Taiwan's financial development strategy," he added.

Taiwan's Financial Supervisory Commission (FSC) has introduced a suite of incentives aimed at attracting offshore funds.

These include faster registration approvals, the ability to submit more products per cycle, an extended A-share investment cap of up to 30% and flexible documentation requirements. Locally, the city government is complementing these efforts with rent subsidies, salary support and one-stop setup services.

RIVAL AMBITIONS

Compared to regional competitors, Taiwan's offering is particularly attractive for China-focused strategies, Lawrence said.

"Compared to Singapore's 13R/13X tax exemptions, Hong Kong's offshore fund rules and Tokyo's preferential tax on investment trusts, Taiwan offers more generous access to China's A-share market," he said.

Eva-CY Huang, CEO of DWS Far Eastern Investments Limited, emphasised Kaohsiung's regulatory and cost advantages.

Eva Huang
DWS Far Eastern Investments

"While Singapore and Hong Kong have broader tax treaty networks, Kaohsiung provides a flexible regulatory framework, targeted incentives and a cost-efficient environment for global managers seeking regional presence," she said.

"Kaohsiung's strategic location, international port facilities and strong transport infrastructure make it a compelling base for offshore asset management," Huang added.

Global asset managers such as UBS, JP Morgan, Schroders, Fidelity, and Allianz have already begun leveraging Taiwan's liberalised regulatory regime to expand product access, particularly around China-focused strategies.

However, leading US firms like Goldman Sachs, Citi and Vanguard have yet to establish operations in the city.

"The foundation has been laid for broader institutional engagement should political stability and regulatory clarity continue," Lawrence said.

Kaohsiung's asset management initiative is closely tied to Taiwan's "Trillion NT Dollar Investment National Development Plan," which aims to mobilise over NT$1 trillion (approximately $30 billion) into strategic sectors such as infrastructure, technology and sustainable finance.

The asset management zone is expected to serve as a conduit for both foreign and domestic capital into this national initiative.

“With Taiwan’s total AUM nearing NT$34 trillion in early 2025, Kaohsiung’s framework is designed to help exceed the FSC’s NT$38 trillion target by 2026,” Lawrence said.

CHINA TENSIONS

Despite its promise, Kaohsiung faces several hurdles that may deter foreign fund managers, including requiring them to appoint a local master agent, adding an additional layer of compliance.

Product flexibility is also limited, with restrictions on commodities, cryptocurrencies and real estate investments. Incentives are only available to managers with a substantial local presence, including branch offices, staff and minimum AUM thresholds.

High compliance standards, such as monthly fund reports and material event disclosures, further increase reporting complexity.

China's claim to the island as its territory and frequent tensions in the Taiwan Strait will also influence Kaohsiung’s ability to attract long-term foreign capital.

“While Taiwan provides greater A-share access to recognized managers compared to many regional peers, the rising geopolitical tensions with mainland China and the unpredictability of capital controls from Beijing may negatively impact investor sentiment,” Lawrence said.

Taiwan’s independent regulatory framework, distinct from Hong Kong, offers strong enforcement and investor confidence.

However, it also requires fund managers to navigate Taiwan-specific compliance rules.

“As the asset management hub is a pilot program, changes in political leadership or Financial Supervisory Commission priorities could potentially slow momentum or alter incentive schemes, introducing an element of policy risk for new entrants,” Lawrence said.

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