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TAIWAN FUND INC  
Form N-Q  
July 28, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-4893

THE TAIWAN FUND, INC.  
(Exact name of registrant as specified in charter)

225 FRANKLIN STREET  
BOSTON, MA 02110  
(Address of principal executive offices) (Zip code)

(Name and Address of Agent for Service)

The Taiwan Fund, Inc.  
c/o State Street Bank and Trust Company  
Attention: Mary Moran Zeven, Assistant  
Secretary  
P.O. Box 5049  
Boston, MA 02206-5049

Copy to:

Leonard B. Mackey, Jr., Esq.  
Clifford Chance U.S. LLP  
31 West 52nd Street  
New York, New York 10019

Registrant's telephone number, including area code: (800) 636-9242

Date of fiscal year end: August 31, 2006

Date of reporting period: May 31, 2006

ITEM 1: SCHEDULE OF INVESTMENTS

THE TAIWAN FUND, INC.  
Investments/May 31, 2006 (Showing Percentage of Total Value of Investment  
in Securities) (unaudited)

|   | SHARES     | US\$<br>VALUE<br>(NOTE C) |
|---|------------|---------------------------|
| COMMON STOCKS - 97.7%                           |            |                           |
| BASIC INDUSTRIES -- 8.1%                        |            |                           |
| CONSTRUCTION -- 3.3%                            |            |                           |
| Cathay Real Estate Development Co. Ltd. (a)     | 8,000,000  | \$ 5,693,772              |
| Goldsun Development & Construction Co. Ltd. (a) | 10,000,000 | 4,292,181                 |

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|   |            |       |            |
|---|------------|-------|------------|
|   |            | ----- | 9,985,953  |
|   |            | ----- |            |
| ELECTRIC & MACHINERY -- 0.7%            |            |       |            |
| Depo Auto Parts Industrial Co. Ltd.     | 538,475    |       | 2,050,693  |
|   |            | ----- |            |
| IRON & STEEL -- 2.6%                    |            |       |            |
| China Steel Corp.                       | 8,000,000  |       | 7,616,669  |
|   |            | ----- |            |
| PLASTICS -- 1.5%                        |            |       |            |
| Nan Ya Plastics Corp.                   | 2,200,000  |       | 3,131,575  |
| Taiwan Hon Chuan Enterprise Co. Ltd.    | 1,606,000  |       | 1,458,860  |
|   |            | ----- |            |
|   |            |       | 4,590,435  |
|   |            | ----- |            |
| TOTAL BASIC INDUSTRIES                  |            |       | 24,243,750 |
|   |            | ----- |            |
| FINANCE -- 9.4%                         |            |       |            |
| FINANCIAL SERVICES -- 9.4%              |            |       |            |
| Cathay Financial Holding Co. Ltd.       | 5,000,000  |       | 10,987,982 |
| Chang Hwa Commercial Bank               | 14,000,000 |       | 9,155,611  |
| Chinatrust Financial Holding Co. Ltd.   | 10,166,000 |       | 8,187,383  |
|   |            | ----- |            |
| TOTAL FINANCE                           |            |       | 28,330,976 |
|   |            | ----- |            |
| TECHNOLOGY -- 80.2%                     |            |       |            |
| ELECTRONIC COMPONENTS -- 13.7%          |            |       |            |
| Cyntec Co. Ltd.                         | 3,700,000  |       | 4,030,904  |
| Kinsus Interconnect Technology Corp.    | 3,414,078  |       | 13,588,105 |
| Nan Ya Printed Circuit Board Corp       | 600,000    |       | 6,049,633  |
| Tripod Technology Corp.                 | 2,100,000  |       | 7,735,290  |
| Unimicron Technology Corp.              | 6,000,000  |       | 9,832,995  |
|   |            | ----- |            |
|   |            |       | 41,236,927 |
|   |            | ----- |            |
| ELECTRONICS -- 2.1%                     |            |       |            |
| Delta Electronics Inc.                  | 1,500,000  |       | 4,190,729  |
| SPI Electronic Co. Ltd.                 | 1,523,000  |       | 1,996,753  |
|   |            | ----- |            |
|   |            |       | 6,187,482  |
|   |            | ----- |            |
| IC DESIGN -- 7.0%                       |            |       |            |
| MediaTek, Inc.                          | 1,200,000  |       | 13,503,980 |
| Novatek Microelectronics Corp. Ltd.     | 1,300,000  |       | 7,507,414  |
|   |            | ----- |            |
|   |            |       | 21,011,394 |
|   |            | ----- |            |
| MEMORY IC -- 3.6%                       |            |       |            |
| Inotera Memories Inc.                   | 6,800,000  |       | 6,622,757  |
| Powerchip Semiconductor Corp. (a)       | 6,000,000  |       | 4,083,034  |
|   |            | ----- |            |
|   |            |       | 10,705,791 |
|   |            | ----- |            |
| PC & PERIPHERALS -- 12.8%               |            |       |            |
| Catcher Technology Co. Ltd.             | 1,000,000  |       | 12,049,321 |
| Foxconn Technology Co. Ltd.             | 800,000    |       | 6,368,035  |
| Hon Hai Precision Industry Co. Ltd.     | 3,104,000  | \$    | 19,960,168 |
|   |            | ----- |            |
|   |            |       | 38,377,524 |
|   |            | ----- |            |
| SEMICONDUCTOR MANUFACTURING -- 13.4%    |            |       |            |
| Advanced Semiconductor Engineering Inc. | 8,000,000  |       | 8,253,473  |

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|  |           |             |
|--|-----------|-------------|
| Ardentec Corp.                         | 2,500,000 | 2,575,308   |
| King Yuan Electronics Co. Ltd.         | 5,000,000 | 5,259,872   |
| Siliconware Precision Industries Co.   | 9,000,000 | 11,518,652  |
| Taiwan Semiconductor Manufacturing Co. | 6,800,000 | 12,799,750  |
|  |           | -----       |
|  |           | 40,407,055  |
|  |           | -----       |
| TELECOMMUNICATIONS -- 18.4%            |           |             |
| Arima Communication Corp.              | 1,000,000 | 1,470,267   |
| Cheng Uei Precision Industry Co. Ltd.  | 1,800,000 | 8,484,470   |
| D-Link Corp.                           | 6,000,000 | 7,267,052   |
| Epistar Corp.                          | 3,800,000 | 14,530,982  |
| High Tech Computer Corp.               | 600,000   | 17,830,498  |
| Merry Electronics Co. Ltd.             | 800,000   | 2,921,804   |
| Wistron NeWeb Corp.                    | 800,000   | 2,796,941   |
|  |           | -----       |
|  |           | 55,302,014  |
|  |           | -----       |
| TFT-LCD -- 9.2%                        |           |             |
| Au Optronics Corp.                     | 6,213,000 | 9,154,163   |
| Chi Mei Optoelectronics Corp.          | 6,500,000 | 7,690,026   |
| Largan Precision Co. Ltd.              | 500,000   | 10,675,823  |
|  |           | -----       |
|  |           | 27,520,012  |
|  |           | -----       |
| TOTAL TECHNOLOGY                       |           | 240,748,199 |
|  |           | -----       |
| TOTAL COMMON STOCKS                    |           |             |
| (Identified Cost -- \$205,856,284)     |           | 293,322,925 |
|  |           | -----       |

PRINCIPAL  
AMOUNT  
NT\$

|                                     |             |             |
|-------------------------------------|-------------|-------------|
| COMMERCIAL PAPER - 2.0%             |             |             |
| Chiao Tong (b)                      | 100,015,757 | \$3,122,078 |
| Chiao Tung Bank Nan Kong Branch (b) | 70,127,120  | 2,189,078   |
| E. Sun Bank (b)                     | 20,096,158  | 627,319     |
|                                     |             | -----       |
| TOTAL COMMERCIAL PAPER              |             |             |
| (Identified Cost -- \$5,886,995)    |             | 5,938,475   |
|                                     |             | -----       |

See Notes to Schedule of Investments.

1

INVESTMENTS/ May 31, 2006 (unaudited) (continued)

MATURITY  
AMOUNT

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US\$

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|                                    |           |               |
|------------------------------------|-----------|---------------|
| REPURCHASE AGREEMENT - 0.3%        |           |               |
| State Street Bank and Trust Co.    |           |               |
| 1.45% dated 5/30/06 due 6/5/06     |           |               |
| (collateralized by U.S. Treasury   |           |               |
| Note 3.625%, 1/15/10, market value |           |               |
| \$1,003,872) (d)                   | \$981,237 | \$ 981,000    |
|                                    |           | -----         |
| TOTAL INVESTMENTS -- 100.0%        |           |               |
| (Cost -- \$212,724,279 *)          |           | \$300,242,400 |
|                                    |           | =====         |

See Notes to Schedule of Investments.

2

NOTES TO SCHEDULE OF INVESTMENTS

- (a) Non-income producing
  - (b) Certificates of Deposit and Commercial Paper that are traded through Bills Finance Corporations must be guaranteed by either a bank, a trust company or a Bills Finance Corporation. Since there is no recognized credit rating system in the Republic of China, the guarantee may not be comparable to a guarantee issued by a U.S. institution.
  - (c) All securities, including those traded over-the-counter for which market quotations are readily available, are valued at the last sales price prior to the time of determination of the Fund's net asset value per share or, if there were no sales on such date, at the closing price quoted for such securities (but if bid and asked quotations are available, at the mean between the last current bid and asked prices, rather than such quoted closing price). In certain instances where the price determined above may not represent fair market value, the value is determined in such manner as the Board of Directors may prescribe. Short-term investments, having a maturity of 60 days or less, are valued at amortized cost, which approximates market value, with accrued interest or discount earned included in interest receivable.
  - (d) In connection with transactions in repurchase agreements, it is the Fund's policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral by the Fund may be delayed or limited by legal proceedings.
- \* At May 31, 2006, aggregate gross unrealized appreciation for all securities for which there was an excess of value over financial reporting cost was \$94,207,507 and aggregate gross unrealized depreciation for all securities for which there was an excess of financial reporting cost over value was \$6,740,866 and net appreciation for financial reporting purposes was \$87,466,641. At May 31, 2006, aggregate cost for financial reporting purposes was \$212,724,279.

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ITEM 2. CONTROLS AND PROCEDURES

- (a) The registrant's principal executive and principal financial officers have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this Form N-Q that includes the disclosure required by this paragraph based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS

The certification required by Rule 30a-2(a) of the Investment Company Act of 1940 (17 CFR 270.30a-2(a)), as amended, is attached as an exhibit to this filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE TAIWAN FUND, INC.

By: /s/ Benny T. Hu  
 -----  
 Benny T. Hu  
 President of The Taiwan Fund, Inc.

Date: July 18, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Adelina Louie  
 -----  
 Adelina Louie  
 Treasurer of The Taiwan Fund, Inc.

Date: July 12, 2006

By: /s/ Benny T. Hu  
 -----  
 Benny T. Hu  
 President of The Taiwan Fund, Inc.

Date: July 18, 2006