

THE REPUBLIC OF CHINA

YEARBOOK

2014

TAIWAN



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2014

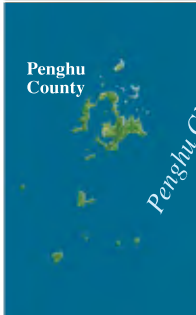
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As publisher of *The Republic of China Yearbook*, the Executive Yuan is pleased to present this authoritative and insightful window on Taiwan. Aside from the yearbook, the Executive Yuan publishes government press releases on the most recent events, explanations of policies and programs, and other references that the public will find helpful. All of this information may be found at <http://www.ey.gov.tw>.





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The Republic of China Yearbook 2014

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Cover Photo: Vast stretches of rice paddies bask in the golden sunshine under a radiant blue sky at Taitung County's Chishang Township. The idyllic countryside became a popular tourist attraction after being featured in a well-known coffee commercial years ago.
(Courtesy of Taiwan Taitung Irrigation Association)

CONTENTS

Preface	2
Major Policies	
Reaping the Benefits of the ECFA	4
Integrating into the Global Economy	12
Toward a Brighter Future: Making Taiwan a Free Economic Island	18
E-commerce: Taiwan's Next Trillion-dollar Industry	26
National Symbols	
National Designation/ROC Year Designations	30
National Flag	30
National Flower	32
National Anthem	32
Founding Father of the Republic of China	34
ROC Vital Information	36

1.GEOGRAPHY & DEMOGRAPHICS **38**

Geography /40 Demographics /47

2.GOVERNMENT **54**

The ROC Constitution /56 Central Government /58
Local Government /66 Clean, Efficient Government /67
E-government Development /68

3. FOREIGN AFFAIRS

70

Foreign Policy /72 Bilateral Ties /73
Participation in International Bodies /86
Development and Humanitarian Assistance /87

4. CROSS-STRAIT RELATIONS

92

Evolving Relationship /94 Expanding Exchanges /102
Looking Forward /107

5. NATIONAL DEFENSE

108

Strategic Importance /110 Military Threat /110
Defense Posture /110 National Defense Reports /111
Command Structure /112 Armed Forces /112
Weapon System Upgrades /113 Defense Industry /113
Personnel and Service System /114
Military Education /116
Homeland Security /118

6. ECONOMY & FINANCE

120

National Competitiveness /122 GDP Profile /122
Small and Medium-sized Enterprises /124
Central Government Revenues and Expenditures /125
Financial Services /125

Foreign Trade and Investment /128
Policy Initiatives /131 Regional Economic Integration /138

7. SCIENCE & TECHNOLOGY **142**

Rise of a High-tech Powerhouse /144
S&T-related Government Agencies /146
Publicly Supported R&D Institutions /147
Latest Endeavors /149 Science Parks /157

8. AGRICULTURE **158**

Sectors /160 Agricultural Export /166 Agritourism /168
Technological Innovations /169 Rural Rejuvenation /170
Agricultural Finance /170 Latest Developments /170

9. ENVIRONMENTAL PROTECTION **172**

Public Policies Go Green /174 Energy Sustainability /175
Pollution Prevention /180 Recycling and Waste Management /182
Ecological Conservation /183

10. INFRASTRUCTURE **188**

Land Transportation /190 Maritime Shipping and Ports /196
Civil Aviation /197 E-traffic Information /200
Telecommunications /200

11. HEALTH & WELFARE **204**

Public Health /206 Social Welfare /216

12. MASS MEDIA **226**

News Agencies /228 Print Media /228 Broadcast Media /233

13. EDUCATION **240**

Mainstream Education /242 Special Education /250

Supplementary Education /251 E-learning /252

International Exchanges /253 Language Education /254

14. ARTS, RELIGION & SPORTS **256**

Folk Arts /258 Visual Arts /259 Performing Arts /260

Cinema /264 Literature /267 Latest Cultural Initiatives /270

Religion /271 Sports /277

Appendices

I. Global Survey Rankings	285
II. Holidays, Festivals & Events	286
III. Chronology: 2013	292
IV. History of the Republic of China	300
V. The Constitution of the Republic of China	309
The Additional Articles of the Constitution of the Republic of China	329
VI. A Comparison of Various Romanization Systems	338

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PREFACE

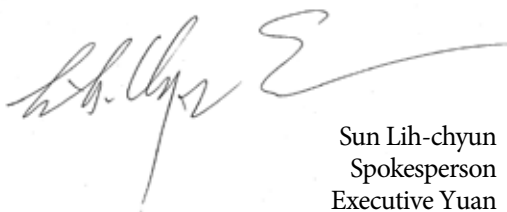
The *Republic of China Yearbook 2014* is an important reference that offers a comprehensive and lively overview of Taiwan and its people. Drawn from a broad range of reliable and official sources, the yearbook chronicles Taiwan's achievements in economy and finance, international and cross-strait affairs, public health and welfare, among others, while also describing major elements of the government's policies.

Among the noteworthy events in 2013, the ROC saw several important breakthroughs on the international front, particularly with its neighbors and trade partners. Free trade pacts concluded with New Zealand and Singapore enabled Taiwan to integrate further with the regional economy. Taiwan and mainland China eliminated all customs tariffs on "early harvest" goods traded under the Cross-Straits Economic Co-operation Framework Agreement 海峽兩岸經濟合作架構協議. A fishery agreement signed with Japan brought peaceful resolution to a 40-year dispute over fishing rights. And after years of striving, Taiwan finally earned "guest" status at the International Civil Aviation Organization assembly.

At home, Taiwan launched the second-generation national health insurance system with a fairer cost-sharing format. The central government continues the process of restructuring itself into a more streamlined and flexible administrative system. The nation celebrated the first annual Taiwan Girls Day 臺灣女孩日 to honor girls and promote their rights to health, education and safety. Free economic pilot zones 自由經濟示範區 were launched across the nation as part of an overall effort to transform Taiwan into a "free trade" island.

These and other developments are detailed in the pages that follow. With the exception of certain personal and place names, Mandarin Chinese terms and names are rendered in Hanyu Pinyin 漢語拼音 throughout the work. All proper nouns that are translations of Chinese names, such as Sun Yat-sen 孫中山 or the National Health Insurance Act 全民健康保險法, are accompanied by their original Chinese character names the first time they appear in a chapter. Unless otherwise indicated, U.S. dollar figures are based on the exchange rates of NT\$31.64, NT\$29.46, NT\$29.61 and NT\$29.77 per US\$1 for 2010 through 2013, respectively, as calculated by the Central Bank of the Republic of China (Taiwan) 中央銀行. The exchange rate for 2014—NT\$30.36 per US\$1—is based on the average rate for that year's first three months.

The Executive Yuan 行政院 gratefully acknowledges all the official agencies and organizations that have provided information and helped verify the accuracy of the year-book's contents. As always, reader feedback and advice regarding this publication is welcomed and appreciated.



Sun Lih-chyun
Spokesperson
Executive Yuan

Reaping the Benefits of the ECFA

The Cross-Straits Economic Cooperation Framework Agreement (ECFA) 海峽兩岸經濟合作架構協議 is a key element in the government's economic strategy of strengthening Taiwan, linking with the Asia-Pacific and deploying globally. A follow-up agreement on trade in services promises to take the benefits of the ECFA even further.

The normalization of cross-strait economic and trade relations will not only allow Taiwan to benefit from mainland China's economic boom but also pave the way for the island's inclusion in the Regional Comprehensive Economic Partnership and the Trans-Pacific Partnership. Hence, the signing of the landmark ECFA will go a long way toward building lasting, peaceful and mutually beneficial ties between Taiwan and the mainland. One of the follow-up accords to the ECFA, the Cross-Strait Agreement on Trade in Services 海峽兩岸服務貿易協議 can lift the economic and trade relationship to the next level and will be vital to the next stage of Taiwan's development.

Contents of ECFA

On June 29, 2010, the Taipei-based Straits Exchange Foundation (SEF) 海峽交流基金會 and the Beijing-based Association for Relations Across the Taiwan Straits (ARATS) 海峽兩岸關係協會 marked a new milestone in the normalization of economic and trade ties by signing the ECFA. Under the new pact, the two sides continued to negotiate and cooperate on investments and trade in goods and services, and on January 1, 2011 began

reducing or eliminating tariffs on each other's imports as itemized in the ECFA "early harvest" program.

With the ECFA as an overarching framework, the two organizations began fleshing out the accord's contents by inking the Cross-Strait Bilateral Investment Protection and Promotion Agreement 海峽兩岸投資保障和促進協議 and the Cross-Strait Customs Cooperation Agreement 海峽兩岸海關合作協議 in August 2012, as well as the Cross-Strait Agreement on Trade in Services on June 21, 2013. All of these follow-up pacts bring mutual benefit, promote peace and stability in cross-strait relations, and are essential for protecting the rights of the two peoples and building normalized exchanges between them.

Early Harvest Results: Merchandise

Under the early harvest program, mainland China agreed to gradually reduce tariffs on 539 goods imported from Taiwan,



■ SEF Chairman Chiang Pin-kung (center left) and ARATS Chairman Chen Yunlin (center right) celebrate the signing of the historic Cross-Straits Economic Cooperation Framework Agreement in Chongqing on June 29, 2010. (Courtesy of the Straits Exchange Foundation)

while Taiwan agreed to do the same for 267 mainland products. These tariffs were lowered in three stages over a period of two years and were completely eliminated January 1, 2013.

According to the mainland customs authority, the value of all goods imported from Taiwan into mainland China in the first five months of 2013 reached US\$69.02 billion (an increase of 43.23 percent over the same period in 2012). Included in this sum are US\$9.29 billion worth of early harvest goods (increase of 14.3 percent) that qualified for favorable tariff treatment, which saved businesses US\$258 million in tariff payments. From the program's inception in January 2011 to May 2013, Taiwanese companies saved a total of US\$906 million.

Early Harvest Results: Services

Under the early harvest program, the two sides also opened up a number of service industries to each other on January 1, 2011. The mainland side opened 11 sectors (three financial and eight non-financial) while Taiwan opened nine (one financial and eight non-financial).

Financial Services

As of the end of May 2013, Republic of China authorities had approved 13 banks from Taiwan to establish branches in mainland China, 10 of which subsequently received permission from mainland authorities and were already up and running (Land Bank of Taiwan 臺灣土地銀行, First Bank 第一銀行, Cathay United Bank 國泰世華銀行, CTBC Bank 中國信託商業銀行 and Bank of Taiwan 臺灣銀行 operating in Shanghai; Taiwan Cooperative Bank 合作金庫銀行 and Mega International Commercial Bank 兆豐國際商業銀行 in Suzhou 蘇州; Hua Nan Bank 華南銀行 in Shenzhen 深圳; Chang Hwa Bank 彰化銀行 in Kunshan 崑山; and E.Sun Bank 玉山銀行 in Dongguan 東莞). Six banks had established representative offices on the mainland.

In other financial sectors, nine Taiwanese insurance companies had received ROC approval to invest equity in mainland China, and six were already open for business. Twelve securities

firms had set up 24 offices; two investment trusts had set up offices; and another five investment trusts had received permission to form fund management companies, with two of those already operating.

As for mainland institutions investing in Taiwan, as of May 2013 mainland banks had established two branches (Bank of China 中國銀行 and Bank of Communications 交通銀行, in Taipei 臺北) and two offices (China Merchants Bank 招商銀行 and China Construction Bank 建設銀行). The Taipei office of the China Construction Bank had received the go-ahead from Taiwan's Financial Supervisory Commission 金融監督管理委員會 to set up a branch in Taipei.

Non-financial Services

From January 2011 to May 2013, the early harvest program approved 81 cases of mainland investment in non-financial sectors in Taiwan, according to the Ministry of Economic Affairs (MOEA). These investments totaled US\$43.04 million with product design companies receiving the most attention—41 cases. Conversely, that same period saw 307 cases of Taiwanese investment in mainland services amounting to US\$37,900. More than half of those cases—155—involved computer software design companies.

Motion Pictures

In the film industry, mainland China has agreed to lift its restrictions on the number of Taiwanese productions entering its market. As of June 2013, mainland authorities had given the green light to 15 Taiwan-made films, including *Night Market Hero* 雞排英雄, *L-O-V-E* 愛到底, *Jump Ashin!* 翻滾吧！阿信, *The Killer who Never Kills* 殺手歐陽盆栽, *You Are the Apple of My Eye* 那些年，我們一起追的女孩 and *Love You 10,000 Years* 愛你一萬年, and 14 of these had already been released on the silver screen in the mainland.

Hospitals

On June 26, 2012, the Landseed Hospital 上海禾新醫院 opened its doors in Shanghai as the first medical institution in mainland

China to be wholly funded by Taiwanese investors. Owned by Taiwan's Landseed International Medical Group 聯新國際醫療集團, the hospital is the first to be approved under the ECFA and received investments totaling US\$23.57 million.

Reaping Investment Benefits Taiwanese Businesses Returning Home

In addition to promoting peaceful relations across the Taiwan Strait, the ECFA offers the practical benefits of lowered tariffs that have proven very attractive to Taiwanese firms operating overseas. In the first six months of 2013, these firms sent home investments of NT\$210.30 billion (US\$7.06 billion) in 54 projects (including cases under the Project to Strengthen Promotion of Investment in Taiwan by Overseas Taiwanese Businesses 加強推動臺商回臺投資方案), according to the MOEA Department of Investment Services 經濟部投資業務處.

Nonwoven product manufacturer Nan Liu Enterprise 南六企業, for instance, came back for Taiwan's strengths in research, development and manufacturing, and because nonwoven fabrics had been included in the ECFA early harvest list. To produce high-tech nonwoven fabrics in Taiwan, the company built a new plant in Kaohsiung 高雄. Machine tool maker CHMER 慶鴻機電工業股份有限公司 also returned for the lowered machine tool tariffs that made Taiwan more competitive. It set up a factory in Tai-chung 臺中 and has another planned in Chiayi 嘉義.

Foreign Companies Investing in Taiwan

The ECFA continues to deliver benefits that draw foreign companies for investments and technical partnerships in Taiwan. Japanese firms are among the most salient examples. NICCA Chemical Co. 日華化學株式會社, for one, expanded its production scale in Taiwan to take advantage of the ECFA, and in July 2012 injected an additional NT\$800 million (US\$27.02 million) to turn its Taiwanese subsidiary into its headquarters for Southeast Asian operations. The Japanese manufacturer also built a new



■ Located in Yunlin County, the Furukawa Electric Copper Foil Taiwan Co., Ltd. was established by the Japanese firm Furukawa Electric Co., Ltd. in 2011 to take advantage of the abundant business opportunities opened up by the ECFA. (Courtesy of Furukawa Electric Copper Foil Taiwan)

plant at the Taoyuan High-Tech Industrial Park 桃園科技工業園區, creating 30 jobs and providing a boon to the island's textile chemical industry.

Furukawa Electric Co., Ltd. is another Japanese company that came to Taiwan after the ECFA, seeking to tap rising global demand for electric vehicle batteries. In March 2011, the leading maker of electrodeposited copper foil for lithium-ion batteries invested NT\$2.40 billion (US\$81.47 million) to establish the Furukawa Electric Copper Foil Taiwan Co., Ltd. 古河銅箔股份有限公司. It also channeled NT\$2.10 billion (US\$71.28 million) into its another company in Taiwan—Furukawa Circuit Foil Co., Ltd. 台日古河銅箔股份有限公司—to make copper foils for electronic circuits.

Stepping Toward Services Trade Cooperation

In 2012, Taiwan's services sector accounted for 68.50 percent of the gross domestic product and 58.76 percent of the working

population, according to the Executive Yuan's Directorate-General of Budget, Accounting and Statistics 行政院主計總處. This is a clear signal that the economic growth led by merchandise export has slowed and that the island must also depend on service export to augment export momentum.

Mainland China may soon become the world's largest economy, and normalizing cross-strait economic ties can allow Taiwan to take advantage of that burgeoning growth. Mainland China opened only 11 service items to Taiwan through the early harvest program, limiting its benefits. The Cross-Strait Agreement on Trade in Services, however, saw the mainland making 80 specific commitments (15 financial and 65 non-financial) to Taiwan that are more favorable than World Trade Organization (WTO) requirements, 66 of which equal or exceed the terms pledged by mainland China to Hong Kong under the Closer Economic Partnership Agreement.

In return, Taiwan has made 64 commitments (9 financial and 55 non-financial) to the mainland—27 of which regard items that are already opened to mainland investors, and 37 in new or expanded sectors. However, these terms do not provide mainland investors with better treatment than other foreign investors in Taiwan.

Before the services trade pact was penned, Taiwanese firms operating in mainland China could only enjoy the same level of access that the mainland pledged to members of the WTO or to other foreign investors. After the accord's signing, Taiwanese companies can expect greater control over business ownership, expand the scope or locations of their businesses, and enjoy faster processes for permit approvals. In other words, Taiwan-owned companies can ride on the back of the pact to secure better terms for entering the mainland market, whereas mainland businesses must still be subject to the Measures Governing Investment Permits for the People of the Mainland Area 大陸地區人民來臺投資許可辦法, which requires a lengthy review process before permission is granted to invest in Taiwan.

The services pact is the first free trade agreement concluded by Taiwan and mainland China under the ECFA and the WTO's General Agreement on Trade in Services. Apart from helping Taiwanese companies to prepare for liberalization and undergo

industrial restructuring, it declares to the world Taiwan's determination to integrate into the regional economy.

The ECFA has opened the gates of the mainland market for Taiwanese firms and given them a valuable head start on business opportunities there. In the future, free trade and market liberalization will remain key strategies for growing Taiwan's economy. The signing of the services pact has ushered in a new era of comprehensive trade exchanges between Taiwan and mainland China, and is also drawing more countries to sign economic cooperation agreements with Taiwan—such as the ANZTEC (Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation) 臺紐經濟合作協定 inked on July 10, 2013 and the ASTEP (Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership) 臺星經濟夥伴協定 on November 7 that year. Moving forward, Taiwan's objective is to pursue more free trade pacts with its trade partners and create the conditions necessary for gaining membership into regional economic and trade blocs. ■

Integrating into the Global Economy

Amid waves of globalization and regional integration, it is imperative that Taiwan merge into the global economic mechanism and engage in bilateral and regional trade alliances to ensure its sustainable development.

Regional Integration on the Rise

Since the end of the Cold War, countries around the world have been focusing their attention on economic development. With rapid industrial changes and intensifying business competition—combined with the failure of the World Trade Organization’s (WTO) Doha Round to produce an agreement after more than a decade—many countries are now turning to regional economic integration as an important means of expanding their markets. These agreements help create cooperation opportunities, promote trade growth and enhance competitiveness.

Regional economic integration works by removing trade barriers among nations. For instance, preferential tariff treatments allow members of a regional trade bloc to sell commodities to other members at much lower prices. Countries outside the bloc, however, are subject to trade tariffs and will find it difficult to compete without key technologies or other advantages. If the nonmembers are unable to keep up, they may become mired deeper in economic marginalization.

Opening the Door to Free Trade

Within a free trade area, openness and liberalization are the key ingredients for building reciprocal and mutually beneficial exchanges. A country that fails to open up its domestic market will thus find itself shut out of the free trade world. For an export-oriented economy like Taiwan, integration is the only path to future survival and strengthened competitiveness, making it essential for Taiwan to take part in regional pacts such as the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP).

In September 2012, the Executive Yuan 行政院 unveiled the Economic Power-Up Plan 經濟動能推升方案 in which



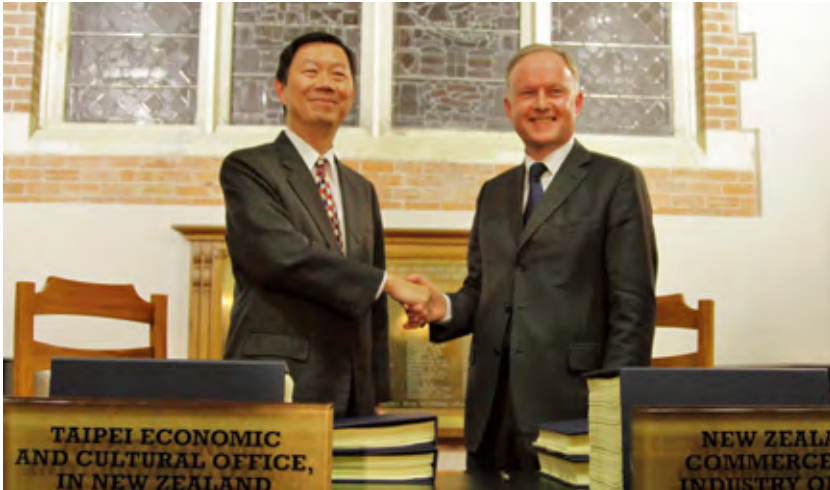
■ These colorful Taiwan-grown *Oncidiums*, or “dancing lady” orchids, are one of 806 products that now enjoy tariff-free trade between Taiwan and mainland China under the Cross-Straits Economic Cooperation Framework Agreement’s early harvest program. (Courtesy of *Taiwan Review*)

economic cooperation agreements (ECAs) were listed as an important tool for promoting Taiwan's exports and expanding new markets. The government is also promoting free economic pilot zones with the intention of gradually opening up the domestic market. All of these efforts are expected to help foster conditions for Taiwan's membership in the TPP and RCEP, create opportunities for inking ECAs, and build closer links to the international community.

Taiwan's Achievements in Regional Integration

According to the WTO, a total of 373 regional trade agreements (RTAs) implemented under the WTO (or its predecessor the General Agreement on Tariffs and Trade) were in force as of May 3, 2013. Of this number, 270 came into force between 2000 and 2012 when RTAs jumped by as much as 10 to 26 each year. Given this shift toward regional partnerships, Taiwan must quicken its pace in negotiating ECAs with its trade partners. Efforts over the past years have already yielded much fruit:

1. **Free trade agreements (FTAs):** Taiwan has concluded bilateral FTAs with diplomatic allies Panama, Guatemala, Nicaragua, El Salvador and Honduras.
2. **Accords with Japan:** Taiwan and Japan signed an investment arrangement in 2011; a mutual recognition agreement on machinery and electronic products in 2012; and a memorandum of understanding on industrial collaboration in 2012.
3. **ECAs:**
 - The ANZTEC—or Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation 臺紐經濟合作協定—was signed on July 10, 2013.
 - The ASTEP—or Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership 臺星經濟夥伴協定—was inked on November 7, 2013.



■ In July 2013, ROC Representative to New Zealand Elliot Charng (left) and his New Zealand counterpart Stephen Payton conclude an economic cooperation agreement that marks the first such pact Taiwan has signed with a non-diplomatic ally. (Courtesy of the Ministry of Economic Affairs)

- Countries like India, Indonesia and the Philippines are researching the feasibility of entering similar partnerships with Taiwan.
- Taiwan is lobbying the European Commission, European Parliament, European industries, and member states of the European Union for a trade pact with the EU.

4. Trade and Investment Framework Agreement (TIFA):

The Taiwan-U.S. TIFA talks—an important channel for bilateral economic and trade consultations—were resumed in Taipei in March 2013 after a hiatus of six years. In addition to discussing the signing of a bilateral FTA and U.S. support for Taiwan’s entry into the TPP, the two sides achieved several positive outcomes during the meeting:

- Issued two joint statements on principles for investments and principles for information and communications technology services.

- Launched two TIFA working groups on investment and technical barriers to trade.
- Agreed to work together under the WTO and the Asia-Pacific Economic Cooperation forum to accelerate negotiations to expand the Information Technology Agreement and continue cooperation on the International Services Agreement.

5. Follow-up pacts to the Cross-Straits Economic Cooperation Framework Agreement (ECFA): After the ECFA took effect on September 12, 2010, Taiwan and mainland China began negotiating four follow-up agreements regarding trade in goods, trade in services, investment protection and dispute settlement. The investment protection pact came into force on February 1, 2013, while the trade in services agreement was signed on June 21, 2013 and is currently pending legislative approval. These pacts will gradually remove barriers to cross-strait trade and investment, fostering a more favorable environment for Taiwan's closer integration with neighboring economies.



■ The Cross-Strait Agreement on Trade in Services inked June 2013 is expected to give Taiwan's services companies easier access to the mainland Chinese market while attracting more mainland investments to help spur economic and employment growth at home. (Courtesy of *Taiwan Panorama*)

In an era of globalization, a country that does not equip itself with forward-thinking strategies will be left behind by the competition. To build a sustainable economy, Taiwan must use smarter and more liberalized and efficient means to create the advantages and conditions needed for joining regional trade blocs. Opportunity comes to those who are prepared but passes by procrastinators. Having already begun the march toward economic and trade liberalization, Taiwan must now pick up the pace and press ahead without any further hesitation. ■

Toward a Brighter Future: Making Taiwan a Free Economic Island

Taiwan aims to become a free economic island to accelerate its integration into the regional economy and fully unleash its economic potential. The promotion of free economic pilot zones (FEPZs) 自由經濟示範區 demonstrates the nation's determination and actions to start a new wave of economic liberalization.

Under the current trend of economic globalization, each country is actively accelerating the processes of liberalization and internationalization in order to increase its competitiveness. Free trade agreements (FTAs) are being signed, regional economic integration promoted, and trade barriers reduced in order to attract domestic and foreign investment and spur economic growth.

Recent developments, however, have not been in Taiwan's favor. The country's main competitor, South Korea, has already signed FTAs with major trading partners like the United States, European Union, and Association of Southeast Asian Nations (ASEAN). Meanwhile, two major regional economic partnerships involving East Asian nations are taking shape: the Trans-Pacific Partnership (TPP), led by the U.S., and the Regional Comprehensive Economic Partnership (RCEP), which would include the ASEAN countries as well as mainland China, Japan and South Korea. FTA talks among mainland China, Japan and South Korea are also progressing. Faced with such serious challenges, Taiwan can only open up to a new wave of liberalization in order to strengthen its industrial structure and inject new momentum for economic growth.



■ The Taiwan Taoyuan International Airport has been designated one of the FEPZs. Its location is expected to facilitate the growth of smart logistics, international health care and other industries. (Courtesy of Taoyuan International Airport Corp. Ltd.)

In December 2013, the Executive Yuan 行政院 approved an amendment to the FEPZ plan that promised to actively expand the scope of economic liberalization. Service industries such as law, accounting and architecture would henceforth be incorporated into the FEPZs, and innovative education and financial services would be among the key industries targeted for promotion there. FEPZ promotion is hoped to propel systemic reform and deregulation, announce that the nation is committed to openness and integration with the regional economy, and accelerate the drive to make Taiwan a free economic island.

The first-phase FEPZ plan was launched in August 2013. For this stage, legislation was not required, only executive orders and the relaxation of certain regulations. The second-stage plan, however, is premised on legal amendments; hence, the special act for FEPZs was approved by the Executive Yuan on December 26, 2013 and sent to the Legislature, where it is awaiting ratification.

One-stop Services

Efficient one-stop services will be provided within the FEPZs by project managers, including business registration, land management, construction management, environmental protection, and labor and tax assistance. Administrative procedures are significantly simplified in the zones in order to boost the efficacy of government services and create an outstanding and convenient business environment. This service can currently be reached by a telephone call to the Executive Yuan's Global Investment Joint Services Center at +886-2-2311-2070.

Two-phase Promotion

Existing free trade ports and the Pingtung Agricultural Biotechnology Park (PABP) 屏東農業生物科技園區 made up the core first-phase FEPZs launched in August 2013. Second-phase FEPZs may be planned and designed by the central government or designated following an application by a local government. An application to turn private land into an FEPZ may also be made by going through a cooperative development process with the government.

Three Major Concepts

The core concepts of FEPZs are liberalization, internationalization, and a forward-looking perspective. They will be opened further to foreign and mainland Chinese investment than the rest of the country; restrictions on the flows of people, goods and money will be significantly relaxed there, making the business environment more convenient while achieving liberalization of borders. To that end, regulations and administrative measures will be brought in line with international standards, with outdated regulations amended. Economic activities that are forward-looking, possess development potential, and can serve as examples for others to follow as well as create a wide range of benefits

will be given trial runs in the zones in order to feel the pulse of the economic future and guide industry development.

Four Concerns to Address

There are worries that domestic industries may not be able to make the necessary adjustments swiftly enough during the internationalization and liberalization process. Concerns include that certain industries may not survive at all; foreigners may steal Taiwanese jobs; the domestic economy may be destabilized; and industries like education, medicine and care may be commercialized. To dispel these doubts and give industries sufficient time to adapt, measures are being implemented sequentially and gradually in a staged approach with small-scale trial runs for policies. Any trial liberalization which produces positive synergy can be applied to the entire country to extend its benefits, while any that does not live up to expectations can be modified in the future.

Five Key Industries for Innovation:

High-end, high value-added service industries are the top priority of FEPZ industrial policy, and manufacturing industries that facilitate the growth of services are the auxiliary focus.

1. Smart Logistics:

Optimal logistics services will be provided through innovative customs mechanisms and cloud platforms. For instance, a shared cloud platform is to be set up; customs certification mechanisms for consigned processing simplified; and express shipping areas established.

2. International Health Care:

The establishment of international medical care organizations and biotech research and development institutions within the FEPZs is expected to drive growth of

Taiwan's biotech, pharmaceutical, rehabilitation and health industries. Complementary measures include requiring international medical organizations to draw up feedback plans and pay operating license fees, excluding National Health Insurance-contracted institutions from providing international health care in the FEPZs and limiting the number of hours physicians based outside the FEPZs may work inside the zones.

3. Value-Added Agriculture:

The focus of the agricultural industry will move from produce to value chains. Domestic agricultural technology will be utilized to add value to products, which will then be marketed internationally under the MIT (Made in Taiwan) label. Methods will include:

- Establishing production and marketing platforms, such as by guiding businesses in the FEPZs to sign contracts with domestic producers as well as farmers' associations and cooperatives.
- Offering project financing to attract large-scale domestic enterprises and foreign investment.
- Promoting the commercialization of agricultural technology and developing international management and marketing capabilities to better sell agricultural products.

4. Financial Services:

Wealth and asset management industries will be further developed, and the types of business that financial institutions (banks and securities firms) can conduct and the range of products they can offer will be expanded, encouraging the domestic financial industry to research and develop innovative financial products and cultivate new talents.

5. Innovative Education:

The establishment of experimental colleges and universities is expected to encourage innovative educational development. Officials say the relaxation of regulations on the sector will increase schools' autonomy over their management, attract foreign educational resources, raise the quality of education, and strengthen interscholastic and international cooperation. Academic and research institutions may also work together with businesses to fulfill demand for professional talent

within the FEPZs and cultivate the top-of-the-line manpower necessary to bring the nation into the new free economic era.

Six Expected Benefits

1. Drive private investment:

The government aims for additional private investment of NT\$21 billion (US\$691.70 million) in 2014.

2. Increase gross domestic product (GDP):

Taiwan's GDP could expand by NT\$30 billion (US\$988.14 million) in 2014.

3. Create jobs:

As many as 13,000 jobs could be created in 2014.

4. Raise free trade ports' trade value, PABP's production value and financial institutions' revenues:

- Free trade ports: Trade value there could multiply in 2015 and exceed NT\$1 trillion (US\$32.94 billion).
- PABP: Production value is anticipated to rise from NT\$4 billion (US\$134.36 million) in 2013 to NT\$18 billion (US\$592.89 million) in 2017.
- Banking and securities: Revenue could increase NT\$30 billion (US\$988.14 million) and NT\$40 billion (US\$1.32 billion) over five years for these two industries, respectively.

5. Create new business models:

Examples include optimal logistics schemes, multinational container consolidation, express shipping areas, and MIT-brand agricultural products.

6. Facilitate regional economic integration:

The FEPZs will help create favorable conditions for Taiwan to join regional trade agreements like the TPP and RCEP.

Seven Major Promotion Strategies:

1. Promote free flow of employees, goods and capital:

Entry to and exit from Taiwan is liberalized for FEPZ company staff, blue-collar workers excepted; in principle,

agricultural and industrial raw materials and goods can be freely imported; and business funds can circulate freely within the FEPZs.

2. Open markets to align with international standards:

In manufacturing, mainland Chinese investment will be granted the same treatment as other foreign investment, while in services it will be treated according to World Trade Organization commitments. A review mechanism will be established to ensure potential mainland investment is not harmful to national interests. Restrictions on services offered by foreign white-collar professionals are relaxed, as are investment restrictions on professional services such as law, accounting and architecture. Other restrictions on professional service industries will be relaxed to bring them in line with the international system.

3. Offer competitive tax breaks:

Sales abroad by foreign cargo owners engaged in cargo storage or simple processing inside the FEPZs are



■ As in the other FEPZs, restrictions on the flows of people, goods and money will be significantly relaxed within the Port of Kaohsiung, making it an excellent place to do business. (Courtesy of *Taiwan Panorama*)

exempted from the enterprise income tax. Taiwanese businesses' overseas dividends or surplus earnings that are invested inside the FEPZs are also exempted from the enterprise income tax.

4. Promote cross-border industrial cooperation:

Businesses are encouraged to introduce key technologies, intellectual property, and funds from advanced countries; open new markets through industrial cooperation; and establish pilot mechanisms, such as area-to-area cooperation, with other nations' firms for such collaboration.

5. Offer convenient land acquisition:

The acquisition of land is facilitated; deliberation of land conversion is accelerated; and land-use control is made flexible.

6. Establish an excellent business environment:

A high-efficiency single-window service, the public infrastructure needed by industries, and a complete information infrastructure are all provided.

7. Operate a parallel-track demonstration mechanism:

Industries can set up shop inside the FEPZs and use the “store in the front, factory in the back” model to link up with firms outside the FEPZs. Meanwhile, industries that are not suited to operation within the physical boundaries of the FEPZs, such as finance and innovative education, may relax the limits on their operations via a specified pilot method. Firms and organizations that qualify for that FEPZ program may also adopt graded management to grant themselves greater operational flexibility.

Eight FEPZs (First Phase)

As of August 2014, Taiwan's seven free trade ports—Port of Taipei 臺北港, Port of Keelung 基隆港, Su-ao Port 蘇澳港, Port of Taichung 臺中港, Anping Port 安平港, Port of Kaohsiung 高雄港, Taiwan Taoyuan International Airport 臺灣桃園國際機場—and the PABP had been designated as FEPZs. (See Chapter 6, “Economy and Finance,” for map “Free Economic Pilot Zones.”) ■

E-commerce: Taiwan's Next Trillion-dollar Industry

The island is set to grow into the world's Chinese-language e-commerce center.

The vast business opportunities in electronic commerce (e-commerce) are pretty hard to miss: on November 11, 2013, when “Singles Day” was celebrated in mainland China with feasts, partying and shopping, online sales there reportedly hit a stunning 35 billion yuan (US\$5.61 billion), a one-day record-high.

With the world's Internet population growing, e-commerce is already an unstoppable trend and even a key industry in economic transformation worldwide. Eyeing its potential, Taiwan in 2010 listed Chinese-language e-commerce as one of its 10 key service industries and has since actively promoted related development, aiming to tap into the mainland Chinese market with its versatile strengths and innovation.

Taiwan's linguistic and cultural advantages

Taiwan enjoys an enormous advantage in developing e-commerce globally as it shares a language and culture with 1.4 billion Chinese-speaking people worldwide. As such, Taiwan has aspired to become the Chinese-language e-commerce center. Furthermore, Taiwanese e-commerce companies may hold up to 55 percent of shares in joint ventures in Fujian Province 福建省 with mainland-based businesses once the Cross-Strait Agreement on Trade in Services 海峽兩岸服務貿易協議 signed in June 2013 is ratified.

According to a survey by the Institute for Information Industry's (III) 資訊工業策進會 Market Intelligence & Consulting Institute 產業情報研究所, nearly 80 percent of Taiwanese online businesses have ventured into the mainland Chinese market, where an estimated 60 percent of local customers say they are willing to pay up to 30 percent more for quality products made in Taiwan.

Trans-border marketing

While Taiwanese products seem to be in demand, the III survey also found that in 2012 nearly 70 percent of Taiwanese online stores made no money from overseas markets, and only 24.1 percent reported overseas sales accounting for 10 to 20 percent of total revenues. This shows that despite Taiwanese online sellers' interest in the massive mainland Chinese market and the huge advantage of Taiwan's products there, Taiwanese enterprises have yet to learn how to increase the visibility of their products among mainlanders.

Furthermore, Taiwanese businesses face many entry barriers and challenges involving imports and exports, customs, quarantine and inspection, local logistics, transactions and product flows in the mainland market.

In 2012, the Ministry of Economic Affairs (MOEA) established a marketing support center as well as an e-commerce consulting team to offer advice to Taiwanese enterprises on strategies, platform training and education, product upload, online marketing, and operation and management to help them sell products through e-commerce in mainland China.

Furthermore, the MOEA has set up a website to link Taiwanese e-commerce enterprises to increase exposure of the island's brands and quality products through the public and private sectors' joint efforts. For instance, the fastest local medium, microblogging, is used to spread information, recruit website subscribers, hold online sales or create news agendas to increase Internet users' interest in knowing where to find authentic Taiwanese goods. This is expected to enhance mainland consumers' impressions of Taiwanese brands and products.

As of the end of 2012, the government had helped 130 Taiwanese companies to sell products online to mainland Chinese customers, coordinated two cases of cross-strait e-commerce cooperation, and assisted two e-commerce enterprises to become listed on over-the-counter or emerging stock markets. In 2013, a publicly organized cross-strait e-commerce forum was held, where industries on both sides signed 13 letters of intent for cooperation. The government expects to push the country's e-commerce sales to NT\$1 trillion (US\$32.93 billion) while creating 82,000 jobs and pushing eight e-commerce platform operators' yearly revenues to NT\$10 billion (US\$329.38 million).

Third-party payment

Imagine paying for snacks at Taiwan's night markets with just a quick scan of a mobile phone, or mainland Chinese tourists being able to dine at Taiwan's top-notch restaurants and shop at local famous pastry stores and the trendy Taipei 101 Mall simply by connecting to online payment platforms, without needing to bring cash or cards. Too good to be true? With third-party payment in place, all of the above are feasible.

Here is how third-party payment works: buyers transfer payments via credit cards, bank accounts or pre-paid methods to third-party payment service providers, who then forward payments to sellers. This mechanism has grown into a popular payment option in online shopping because prior to online transactions, buyers and sellers are not able to verify each other's identity and credit standing, nor can buyers assess product quality or suitability. A third-party payment service provider therefore acts much like a temporary fund keeper or a warrantor to help ensure the satisfaction of both buyers and sellers and reduce online transaction disputes.

As online transactions cannot be verified immediately and have more associated risks, it is vital to develop a convenient and secure third-party payment system to reassure both buyers and sellers. With the growing dependency of both microbusinesses and customer-to-customer sellers on



■ Taiwan's banks have ventured into the e-commerce market by providing third-party payment services, such as Bank SinoPac's Fun Cashier that facilitates convenient, secure and confidential transactions and E.Sun Bank's services that feature trans-border transactions.

online transactions, third-party payment has become an indispensable payment tool in e-commerce.

Third-party payment will help to not only drive the growth of domestic e-commerce but also create an environment conducive to cross-sector competition to encourage businesses to utilize their own strengths and develop versatile and innovative e-commerce services.

Once management mechanisms and regulations on third-party payment services are finalized, Taiwan's e-commerce and Internet-related industries are expected to see greater growth as well as more business collaboration between financial and information sectors.

As e-commerce is seeing rapid growth and showing great promise worldwide, the Republic of China government is ready to assist domestic enterprises to develop their strengths and drive innovation to build the island into a global Chinese-language e-commerce center that provides secure and excellent services, introducing more of Taiwan's brands and quality products to global markets. ■

National Symbols

National Designation

The founding father of the ROC, Sun Yat-sen 孫逸仙, first proposed the name “Republic of China” 中華民國 at the first official meeting of the Chinese Revolutionary Alliance 中國同盟會 in Tokyo in 1905. Sun said, “Not until that day in autumn 1905 when outstanding individuals of the entire country gathered to found the Chinese Revolutionary Alliance in Tokyo did I come to believe the great revolutionary task could indeed be achieved. Only at this point did I dare to propose the national designation of ‘Republic of China’ and announce it to the members of our party, so that each could return to their respective province and proclaim the message of the revolution and disseminate the ideas behind the founding of the Republic of China.”

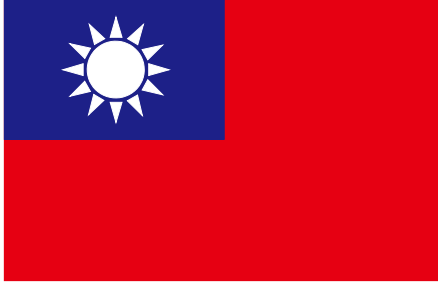
The name became official on January 1, 1912, when the Provisional Assembly 臨時國民大會 of representatives from across China declared the establishment of the Republic and swore in Sun as its president.

ROC Year Designations

In official and most ordinary usages, years in the ROC are calculated from the year of the Republic’s founding, 1912. Thus, 1912 was referred to as “the first year of the Republic of China,” and 2014 is “the 103rd year of the Republic of China,” and so on. This is a continuation of the millennia-old system in China of beginning new year designations with the start of a new era, which once coincided with the ascension of a new emperor.

National Flag

The “white sun in a blue sky” portion of the ROC’s national flag was originally designed by Lu Hao-tung 陸皓東, a martyr of the Chinese revolution. Lu presented his design in a meeting of the Revive China Society 興中會 in Hong Kong on February 21, 1895. It was redesigned to include a crimson background



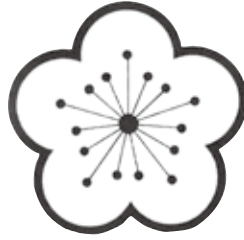
National flag

during the years just prior to the revolution. This later design is still used today as the national emblem.

Before the Wuchang Uprising 武昌起義 in 1911 (also known as the 1911 Xinhai Revolution 辛亥革命), the revolutionary armies in different provinces had different flags: the one used in the Wuhan 武漢 area had 18 yellow stars, representing the 18 administrative divisions of China at the time; the Shanghai army adopted a five-color flag of red, yellow, blue, white and black, representing the five main ethnic groups of China; and Guangdong 廣東, Guangxi 廣西, Yunnan 雲南 and Guizhou 貴州 provinces used the “white sun in a blue sky.”

When the Provisional Government was first established, the five-color flag was adopted as the national flag, the 18-star flag was used by the army, and the “white sun in a blue sky” by the navy. The current ROC national flag was officially adopted in December 1928.

The 12 points of the white sun in the emblem represent the Chinese conceptualization of a day's being divided into 12 two-hour periods, symbolizing unceasing progress. At one level, the three colors of blue, white and crimson stand for the Three Principles of the People 三民主義: nationalism, democracy and social well-being. At another level, the colors embody qualities that evoke other concepts enumerated in the Three Principles: the blue signifies brightness, purity and freedom, and thus a government that is of the people; the white, honesty, selflessness and equality, and thus a government that is by the people; and the crimson, sacrifice, bloodshed and brotherly love, thus a government that is for the people.



National flower

National Flower

The plum blossom, *Prunus mume*, was officially designated by the ROC Executive Yuan 行政院 to be the national flower on July 21, 1964. The plum blossom, which produces shades of pink and white and gives off a delicate fragrance, has great symbolic value in Chinese culture because of its resilience during the harsh winter. The triple grouping of stamens (one long and two short) represents Sun Yat-sen's Three Principles of the People, while the five petals symbolize the five branches of the ROC government.

National Anthem

The words of the ROC national anthem were first delivered as an exhortation by Sun Yat-sen at the opening ceremony of the Whampoa Military Academy 黃埔軍校 on June 16, 1924. This exhortation was designated as the Kuomintang's (KMT) 中國國民黨 party song in 1928, after which the KMT publicly solicited contributions for a tune to fit the words. A melody by Cheng Mao-yun 程懋筠 was selected out of those submitted by 139 contenders. (See page 33 for both lyrics and melody.)

In the late 1920s and early 1930s, the Ministry of Education (MOE) held two separate competitions for the lyrics for a national anthem, using the KMT party song in the meantime as a temporary national anthem. None of the entries reviewed by the MOE were deemed appropriate, so Dr. Sun's composition was finally adopted as the official anthem of the Republic of China in 1937.

The anthem first declares the Three Principles of the People to be the foundation of the nation and a guide to a world commonwealth of peace and harmony, and then calls upon the people to be brave, earnest and faithful in striving to fulfill that goal.

NATIONAL ANTHEM OF THE REPUBLIC OF CHINA

Dr. Sun Yat-sen 孫中山

Music by Cheng Mao-yun 程懋筠

Arrangement by Huang Tzu 黃自

三 民 主 義 吾 黨 所 宗 以 建 民
 San - min - zhu - yi, wu dang suo zong, yi jian min
 San - min - zhu - yi, our aim shall be; to found a free

國 以 進 大 同 咨 爾 多 士 為 民 前 鋒 夙
 guo, yi jin da tong, zi er duo shi, wei min qian feng, su
 land, world peace be our stand. Lead on, comrades, van - guards ye are; hold

夜 匪 懈 主 義 是 從 矢 勤 矢 勇 必 信 必
 ye fei xie, zhu yi shi cong. Shi ear-nest and shi brave, your coun-try to
 fast your aim, by sun and star. Be ear-nest and shi brave, your coun-try to

忠 一 心 一 德 貫 徹 始 終!
 zhong, yi xin yi de, guan che shi zhong,
 save; one heart, one soul, one mind, one goal!

Founding Father Republic of China



Sun Yat-sen 孫中山

Sun Yat-sen 孫逸仙, also known as Sun Chung-shan 孫中山 and Sun Wen 孫文, was born in 1866 in a coastal village of Xiangshan County 香山縣, Guangdong Province 廣東省. After receiving his early education in both Chinese and Western schools, he moved to Hawaii in 1879, where he attended Iolani and Oahu Colleges. In 1883, he returned to China to continue his studies, concentrating on the Chinese classics

and history. He later moved to Hong Kong to attend Queen's College and in 1892 graduated from Hong Kong Medical College for Chinese.

Deeply concerned at the Qing 清 dynasty government's oppression, corruption and submissiveness toward foreign powers, Sun gave up his medical career to pursue political reform. In 1894, together with a group of young overseas Chinese, Sun established his first revolutionary organization, the Revive China Society 興中會, in Honolulu. His political ideals are summarized in a set of doctrines called the Three Principles of the People 三民主義, comprising solidarity of the people, power to the people and prosperity of the people.

Over the next 16 years, Sun and his followers launched 10 futile attempts to topple the Qing government. Finally, on October 10, 1911, forces loyal to Sun took over Wuchang 武昌, the capital of Hubei Province 湖北省. Thereafter, other provinces and important cities joined the revolutionary camp and declared independence from the Qing government. On December 29, 1911, Sun was elected provisional president of the new Republic by delegates from across China gathered in Nanjing. He was inaugurated on January 1, 1912, the founding day of the Republic of China (ROC).

To preserve national unity, Sun relinquished the presidency on April 1, 1912 to military strongman Yuan Shi-kai 袁世凱, who declared himself emperor in 1915. Sun and other leaders relocated to Japan to continue the revolutionary struggle until Yuan's death in 1916. Thereafter, they organized a new government in Guangzhou 廣州, and in 1921 Sun became its president. He devoted the rest of his life to uniting China's feuding factions.

Sun denied the inevitability of communism in China. He believed that class struggle, an intrinsic element of communism, was not an inevitable stage in human progress. He reiterated this point in a joint declaration issued with Soviet envoy Adolf Joffe in 1923, which stated that communism was not suitable for China. Sun also believed that cooperation rather than class struggle was the driving force behind social development.

Sun died of cancer on March 12, 1925, at the age of 59 in Beijing. In 1940, he was posthumously declared the founding father of the ROC for his lifelong contributions to the revolution.

ROC Vital Information	
Official name	Republic of China
Area (Taiwan and associated islands)	36,193 square kilometers
Geographic location	Eastern Asia, off southeastern coast of mainland China and north of the Philippines
Climate	Subtropical (mean temperature 18°C in winter, 28°C in summer)
Population	23.40 million (July 2014)
Ethnicity	Over 95 percent Han Chinese (including Holo, Hakka and other groups originating in mainland China); 2 percent indigenous Austronesian peoples
Official language	Mandarin (with traditional Chinese character system)
Other important languages	Holo, Hakka, Austronesian languages, English, Japanese
Major religions	Buddhism, Taoism, I-Kuan Tao, Chinese folk religion, Catholicism, Protestantism, Islam
Literacy rate	97.15 percent (2013)
Government	Multiparty democracy (semi-presidential republic)
Major political parties	Kuomintang (Nationalist Party), Democratic Progressive Party, Taiwan Solidarity Union, People First Party
President	Ma Ying-jeou
Capital	Taipei City
Other large cities	New Taipei, Kaohsiung, Taichung, Tainan, Taoyuan

Major industries	Information and communications technology, electronic components, chemicals, wholesale and retail, metals, petroleum refining, computers and optoelectronics
Economic growth rate	2.09 percent (2013)
GDP (nominal)	US\$489.13 billion (2013)
GDP per capita (nominal)	US\$20,952 (2013)
Export value	US\$305.44 billion (2013)
Import value	US\$269.90 billion (2013)
Main exports	Electronics, basic metals and articles thereof, plastics/rubber and articles thereof, mineral products, optical instruments, chemicals, machinery, information and communications products, textiles, vehicles and transportation-related products, electrical products
Main imports	Mineral products (including crude petroleum), electronics, chemicals, basic metals and articles thereof, machinery, precision instruments, plastics and articles thereof, vehicles and transportation-related products, electrical products
Main export markets	Mainland China, ASEAN-6, United States, Europe, Japan
Main import sources	Mainland China (including Hong Kong), Japan, ASEAN-6, Europe, United States
National currency	New Taiwan Dollar (NT\$ or TWD)
Time zone	UTC +8 hours
Country telephone code	+886
Electricity	AC 110 V / 60 Hz



1

Geography & Demographics





With a number of peaks more than 2,000 meters high, the Alishan Mountains are famous for glorious sunrises and mystical cloud scenes. (Courtesy of the Tourism Bureau)



Geography

Taiwan Proper

Off the eastern and southeastern coasts of the Asian continent lies a chain of island groups stretching from Russia's Sakhalin Island in the north to Indonesia's myriad islands in the south. Situated near the chain's midpoint, between Japan and the Philippines, is the island of Taiwan. (In this chapter, the name Taiwan refers to Taiwan proper.)

Measuring about 400 kilometers from north to south and around 145 kilometers from east to west at its widest, Taiwan comprises about 99 percent of the territory now under the Republic of China's (ROC) jurisdiction. It is blessed with a wide range of landforms and contrasting climatic zones.

Mountains and Hills

Mountains occupy about half of Taiwan. The longitudinal East Rift Valley 花東縱谷 separates the high-reaching Central Mountains 中央山脈 from the lower East Coast Mountains 東部海岸山脈 along the central eastern coast. In addition, at the northernmost extremity of Taiwan lie the Datun Mountains 大屯山脈. They form the northern wall of the Taipei Basin 臺北盆地, where Taipei City 臺北市, the nation's capital, is located.

Mostly forested, the four major mountain ranges in the island's central region include more than 200 peaks rising higher than 3,000 meters above sea level, making for some of Taiwan's most dramatic scenery. The eastern flanks of these four ranges are relatively precipitous, with the easternmost among them—the Central Mountains—

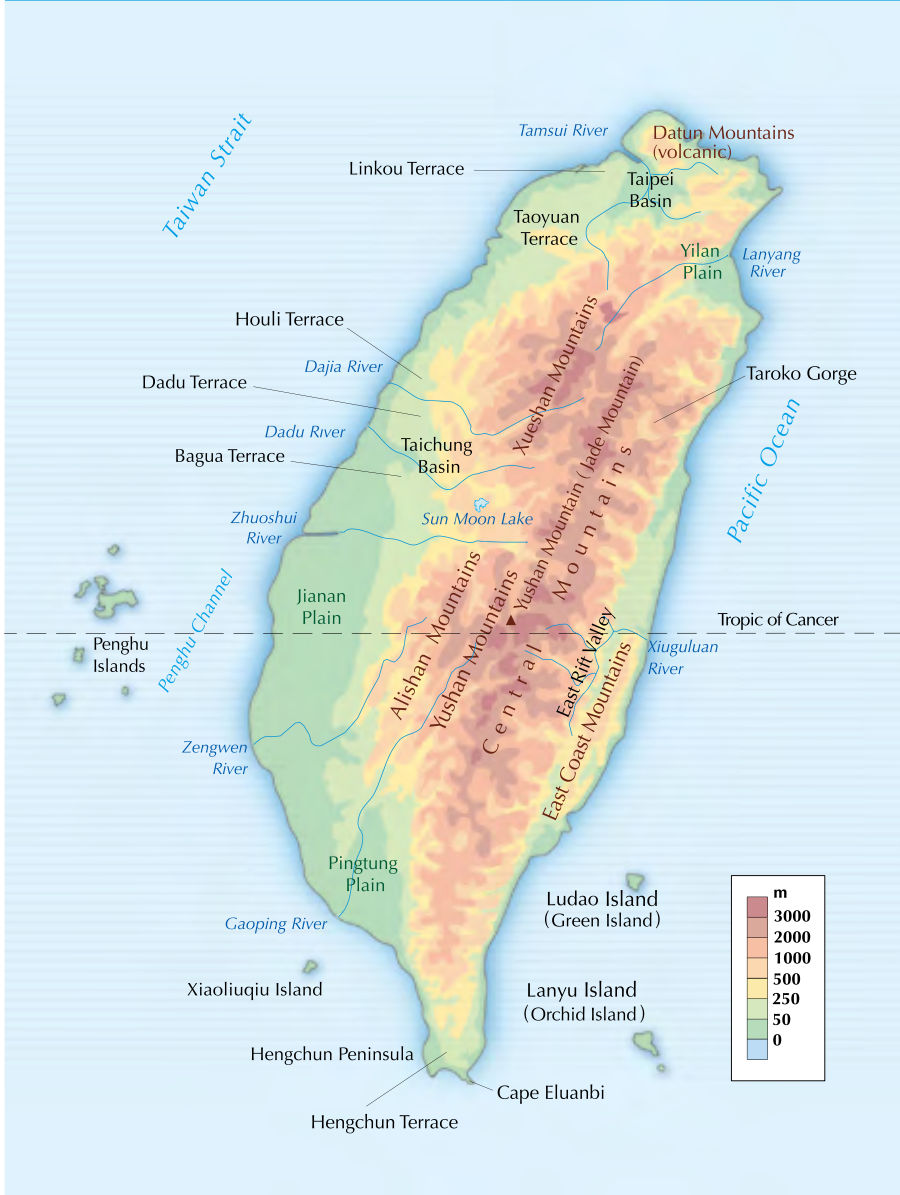
Taiwan Proper: Surface Area and Geographic Coordinates

Area*(sq. km)	Coastline (km)	Longitude	Latitude
35,808	1,139	Easternmost 121°59' 15" E	Northernmost 25°18' 20" N
		Westernmost 120°01' 00" E	Southernmost 21°53' 50" N

*Including reclaimed tidal land

Source: Ministry of the Interior

Taiwan and Nearby Islands



bordered by relatively small coastal lowlands. Inland from the Central Mountains are the Yushan Mountains (Jade Mountains) 玉山山脈, home to the highest peak in Taiwan and Northeast Asia—Yushan Mountain (Jade Mountain) 玉山—at 3,952 meters. Meanwhile, the westernmost mountain ranges—the Xueshan Mountains 雪山山脈 and Alishan Mountains 阿里山山脈—gradually level out westwards into extensive hilly regions, tablelands and plains.

Seismic Activity and Geothermal Features

Seismic activity is common in Taiwan as the consequence of ongoing convergence of the Philippine Sea plate and Eurasian plate. The collision of these plates that eons ago gave birth to the island of Taiwan also produced a variety of distinctive features. In addition to the Datun volcano group, outcrops of basaltic and other types of solidified lava are found across the island, where lava welled up through fissures in the bedrock. And aside from conventional hot springs, geothermal phenomena associated with the island's geological history include small mud volcanoes and muddy hot springs.

Tablelands, Coastal Plains and Basins

At the foot of western Taiwan's belt of hills are tablelands ranging in elevation between 100 and 500 meters above sea level. The most extensive of them is the Taoyuan Terrace 桃園臺地 in northwestern Taiwan. The others, from north to south, are the Houli 后里 and Dadu 大肚 terraces in Taichung City 臺中市, Bagua Terrace 八卦臺地 in Changhua County 彰化縣, and the Hengchun Terrace 恆春臺地 in Pingtung County 屏東縣.

At a lower altitude lie alluvial plains formed by silt carried down by rivers after long-term sedimentation. Level and arable plains make up 23 percent of Taiwan. The Jianan Plain 嘉南平原 in southwestern Taiwan, extending from Yunlin County 雲林縣 in the north to Kaohsiung City 高雄市 in the south, accounts for 14 percent of Taiwan's total land area. Next largest are the Pingtung Plain 屏東平原 in the

south and the Yilan Plain 宜蘭平原 in the northeast. Also containing level, arable land are the Taipei Basin and the Taichung Basin 臺中盆地.

Rivers, Lakes and Reservoirs

Fed mostly by runoff from the island's centrally located mountains and hills, virtually all of Taiwan's 150 or so rivers and streams flow either eastward or westward. The westward-flowing Zhuoshui River 濁水溪 in central Taiwan is the longest, at 187 kilometers, while the Gaoping River 高屏溪 in the south has the largest watershed, with an area of 3,257 square kilometers.

Taiwan has relatively few natural lakes. The largest and deepest is Sun Moon Lake 日月潭 in Nantou County 南投縣, with a surface area of about 8 square kilometers and a depth of around 30 meters. The island also has a few artificial lakes that are larger in area than the Sun Moon Lake. The two largest are Zengwen Reservoir 曾文水庫 and Feitsui Reservoir 翡翠水庫, with surface areas of 17.80 and 10.20 square kilometers, respectively, at full storage level.

Climate

Taiwan has a relatively long summer and a short, mild winter.

Taiwan's Highest Peaks (meters)	
Yushan Mountain (Jade Mountain) 玉山	
Main Peak 主峰	3,952
Eastern Peak 東峰	3,869
Northern Peak 北峰	3,858
Southern Peak 南峰	3,844
Xueshan Mountain 雪山	3,886
Xiuguluan Mountain 秀姑巒山	3,825
Mabolasi (or Wulameng) Mountain 馬博拉斯山 (烏拉孟山)	3,785
Nanhu Mountain 南湖大山	3,742
Central Range Point 中央尖山	3,705
Guanshan Mountain 關山	3,668
Dongjun Mountain 東郡大山	3,619
Qilai Mountain 奇萊山	
Northern Peak 北峰	3,607
Main Peak 主峰	3,560
Xiangyang Mountain 向陽山	3,603
Dajian Mountain 大劍山	3,594
Yunfeng Peak 雲峰	3,564
Daxue Mountain 大雪山	3,530
Pintian Mountain 品田山	3,524
Dabajian Mountain 大霸尖山	3,492
Wuming Mountain 無明山	3,451
Hehuan Mountain 合歡山	3,417
Zhuoshe Mountain 卓社大山	3,369
Nenggao Mountain 能高山	
Southern Peak 南峰	3,349
Main Peak 主峰	3,262
Baigu Mountain 白姑大山	3,341
Dan Mountain 丹大山	3,340
Xinkang Mountain 新康山	3,331
Taoshan Mountain 桃山	3,325
Taroko Mountain 太魯閣大山	3,283

Source: Ministry of the Interior

The island, which is crossed by the Tropic of Cancer at the latitude of Chiayi City 嘉義市, boasts a variety of contrasting climate zones. On the whole, its northern and central regions are subtropical; its south is tropical; and its mountainous regions are temperate.

Taiwan's mean temperature in a typical year ranges from about 18 degrees Celsius in winter to 28 degrees Celsius in summer. Low temperatures can drop below 10 degrees Celsius in winter, and high temperatures can surpass 35 degrees Celsius in summer.

Taiwan's Major Rivers			
Name	Length (km)	Drainage (sq. km)	Passes Through
Zhuoshui River 濁水溪	187	3,157	Nantou, Changhua, Chiayi and Yunlin counties
Gaoping River 高屏溪	171	3,257	Kaohsiung City and Pingtung County
Tamsui River 淡水河	159	2,726	Taipei City, New Taipei City, Taoyuan and Hsinchu counties
Zengwen River 曾文溪	138	1,177	Chiayi County, Tainan and Kaohsiung cities
Dajia River 大甲溪	124	1,236	Taichung City, Yilan and Nantou counties
Wuxi River 烏溪	119	2,026	Taichung City, Changhua and Nantou counties
Da-an River 大安溪	96	758	Miaoli County and Taichung City
Beinan River 卑南溪	84	1,603	Taitung County
Beigang River 北港溪	82	645	Yunlin and Chiayi counties
Xiuguluan River 秀姑巒溪	81	1,790	Hualien and Taitung counties
Bazhang River 八掌溪	81	475	Chiayi County and Tainan City
Puzi River 朴子溪	76	427	Chiayi City and County
Lanyang River 蘭陽溪	73	978	Yilan County
Jishui River 急水溪	65	379	Tainan City
Touqian River 頭前溪	63	566	Hsinchu City and County
Erren River 二仁溪	63	350	Tainan and Kaohsiung cities
Houlong River 後龍溪	58	537	Miaoli County
Hualien River 花蓮溪	57	1,507	Hualien County
Zhonggang River 中港溪	54	446	Hsinchu and Miaoli counties
Heping River 和平溪	51	561	Yilan and Hualien counties
Fengshan River 鳳山溪	45	250	Hsinchu County
Donggang River 東港溪	44	472	Pingtung County
Yanshui River 鹽水溪	41	343	Tainan City
Agongdian River 阿公店溪	38	137	Kaohsiung City
Sichong River 四重溪	32	125	Pingtung County

Source: Water Resources Agency, Ministry of Economic Affairs

The island's average annual rainfall is approximately 2,600 millimeters. Northern Taiwan generally receives 60 percent of its total annual precipitation between May and September. Southern Taiwan receives over 90 percent of its precipitation over the same period, and its driest time stretches from November through February.

The winter and summer East Asian monsoon systems influence Taiwan's seasons. The winter monsoon prevails from October through March, with predominantly north-easterly winds (blowing toward the southwest) bringing moderate and stable rainfall to the east and north of the island. The central and southern parts of western Taiwan, on the other hand, experience mostly sunny weather with limited rainfall in autumn and winter.

The onset of the East Asian summer monsoon is concurrent with Taiwan's rainy season, popularly known as the plum rain 梅雨 season, in May and June. During this time, southwestern Taiwan is especially vulnerable to heavy rainfall, and afternoon thunderstorms and tropical disturbances are common.

Typhoons are most frequent in July, August and September. Taiwan experiences three to four typhoons per year on average. Some of them have caused severe damage; extreme cases of torrential and sustained rainfall may cause flooding, mudflows and landslides, and significant loss of life and property. Nevertheless, the precipitation that accompanies typhoons is vital to the island's water resources.

Penghu

Comprising 64 volcanic-origin islands and constituting Penghu County 澎湖縣, the 127-square-kilometer Penghu Islands 澎湖群島 lie in the Taiwan Strait about 45 kilometers from the southwest coast of Taiwan and 120 kilometers from the Chinese mainland.

The Penghu Islands have relatively flat terrain. Winding coastlines of the larger islands form numerous bays and inlets, where shallow waters in some areas are favorable to

the growth of coral. Natural attractions found on several of its islands include basalt columns, cliffs and naked cores of eroded volcanoes.

Kinmen

The 12 members of the Kinmen Islands 金門群島, which together constitute Kinmen County 金門縣, are situated off the coast of mainland China's Fujian Province 福建省, less than 2 kilometers from Fujian's capital city of Xiamen and nearly 280 kilometers from Taiwan. The island group has a total of 150 square kilometers in area.

The islands' bedrock is primarily granitic. While the smaller ones are low-lying and flat, the largest one, Kinmen Island, is hilly, with peaks reaching as high as 250 meters.

Matsu

The Matsu Islands 馬祖列嶼, under the jurisdiction of Lienchiang County 連江縣, comprise 36 islands with rugged, hilly terrain, totaling 29.61 square kilometers in area (based on low-tide line). They are located adjacent to the mouth of mainland China's Minjiang River 閩江, less than 1 kilometer from the mainland coast and more than 210 kilometers from Keelung 基隆 in northern Taiwan.

With an area of 10.43 square kilometers, Nangan Island 南竿島 is the largest and most populous member of the group. The bedrock of the Matsu Islands is mainly comprised of granite, which serves as an important building material for the islands' traditional houses and buildings.

Other Islands

Located at about 30 kilometers and 60 kilometers off the southeast coast of Taiwan are Ludao Island (Green Island) 綠島 and Lanyu Island (Orchid Island) 蘭嶼, covering 15 and 47 square kilometers, respectively. Both are hilly, volcanic in origin and surrounded by coral reefs supporting abundant sea life.



■ Dongsha Atoll, a circular coral reef in the South China Sea, was incorporated into Dongsha Atoll National Park in 2007. (Courtesy of Marine National Park Headquarters)

About 12 kilometers off the southwest coast of Taiwan, Xiaoliuqiu 小琉球 covers an area of 6.80 square kilometers. Other islands in the South China Sea claimed by the ROC include the Dongsha (Pratas) Islands 東沙群島, the Nansha (Spratly) Islands 南沙群島, the Xisha (Paracel) Islands 西沙群島 and the Zhongsha Islands (Macclesfield Bank) 中沙群島.

Further, lying about 170 kilometers northeast of Taiwan is the Diaoyutai Islands 釣魚臺列嶼, a small island group that includes Diaoyutai Island 釣魚臺, Huangwei Isle 黃尾嶼 and Chiwei Isle 赤尾嶼.

Demographics

Han Peoples

Seeking refuge from upheavals during the transition between the Ming 明 and Qing 清 dynasties, the ancestors of Taiwan's Han 漢 peoples began migrating from China's southeastern provinces to the island in sizeable numbers in the 17th century. The majority of these early immigrants

were Holo 河洛人, mostly from areas in southern Fujian Province, as well as Hakka 客家人 from eastern Guangdong Province 廣東省.

Holo immigrants settled in Taiwan's coastal regions and inland plains, while Hakka immigrants inhabited hilly areas. Clashes between these groups over resources led to the relocation of some communities, and, as time passed, varying degrees of intermarriage and assimilation took place.

Holo

The Holo people are the largest ethnic group in Taiwan, accounting for approximately 70 percent of the population. During the Qing dynasty (1644-1912), a large number of Holo men from mainland China married women of indigenous Austronesian groups. Hence, many in Taiwan who consider themselves Han have indigenous ancestry as well. With Austronesian and Japanese influences—the latter as the result of the half-century of Japanese colonial rule from 1895 to 1945—Holo culture in Taiwan is quite different from that in mainland China.

Hakka

The Hakka, who make up about one-fifth of the Han population in Taiwan, have a long history of periodic migration—hence the name Hakka, which literally means “guest people.” They are said to be diligent and frugal. Known also for their communal spirit, large Hakka communities can be found today in the Taoyuan, Hsinchu 新竹, Miaoli 苗栗, Taichung, Kaohsiung and Pingtung areas.

Immigrants Arriving in 1949

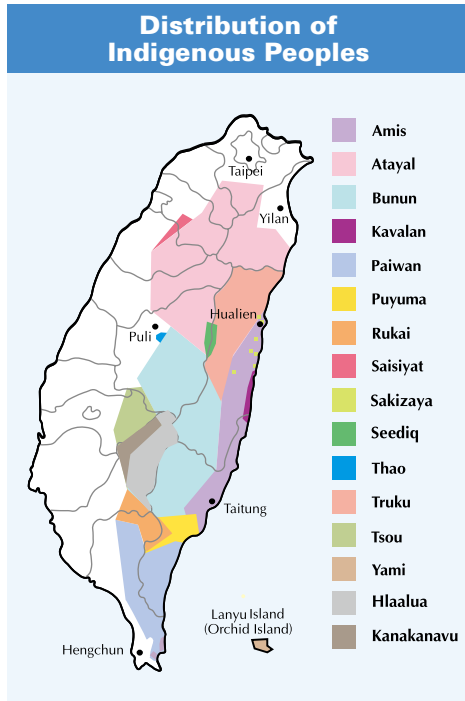
The ROC government's relocation to Taiwan in 1949 occasioned an influx of 1.2 million people from the Chinese mainland to the island. The majority were soldiers, civil servants and teachers. Unlike earlier immigrants, these people came from all over the mainland and included not only Han Chinese but also ethnic groups from Mongolia, Tibet and southwestern China.

Indigenous Peoples

Indigenous Malayo-Polynesian peoples have lived on the island for millennia, with archeological evidence confirming their presence dating back 12,000 to 15,000 years. Their languages belong to the Austronesian linguistic family, whose speakers are known for their migratory history and inhabit an area of the globe that stretches from Madagascar Island in the west to Easter Island in the east and from Taiwan in the north to New Zealand in the south.

Though distinct from each other in many ways, the various indigenous groups in Taiwan share certain customs with one another and with Austronesian peoples in other parts of the world. Over the centuries, while the more remote indigenous groups have tended to maintain distinctive communities, others have blended in with Han society.

Currently, the 16 officially recognized indigenous groups are the Amis 阿美, Atayal 泰雅, Bunun 布農, Kavalan 噶瑪蘭, Paiwan 排灣, Puyuma 卑南, Rukai 魯凱, Saisiyat 賽夏, Sakizaya 撒奇萊雅, Seediq (or Sediq) 賽德克, Thao 邵, Truku 太魯閣, Tsou 鄒, Yami 雅美 (or Dawu 達悟), Hlaalua 拉阿魯哇 and Kanakanavu 卡那卡那富. As of December 2013, the collective population of these groups stood at approximately 533,600 (including about 16,200 people who did not identify themselves as belonging to any one group), or 2.28 percent of the total population of Taiwan. The three



Source: Council of Indigenous Peoples



■ Three aboriginal girls in tribal costumes ready to participate in the National Indigenous Language Drama Competition, an annual event organized by the Council of Indigenous Peoples to promote aboriginal culture and languages. (Courtesy of *Taiwan Panorama*)

largest groups—the Amis, the Paiwan and the Atayal—accounted for 70.78 percent of the indigenous population.

Population Trends

The official population statistics of Taiwan indicated that there were 3.12 million people living on the island in 1905. Forty years later the population had nearly doubled to 6.09 million, and as of 2013 it had multiplied to 23.37 million.

Policies and family planning following the post-World War II baby boom slowed this expansion, however, and the population growth rate, which was 3.49 percent in 1960, diminished to 1.28 percent in 1985 and just 0.25 percent in 2013. During the 1960s, the total fertility rate (the average number of children born to a woman during her child-bearing years) was approximately five; by the 1980s, it was two, and in 2010 it cratered at less than one, among the lowest figures in the world, as the number of newborns hit a record low of 166,886.

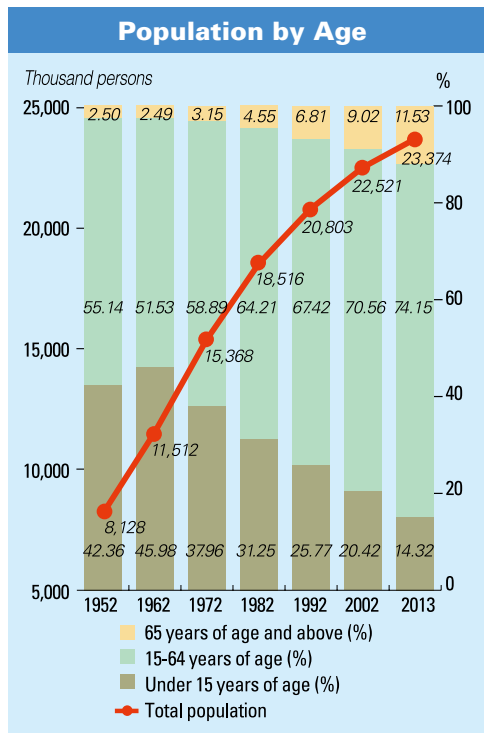
In 2012, the number of babies born recovered to 229,481; the sex ratio, which has been uneven for years, fell slightly from the previous year to 107.43 boys to 100 girls, while the crude birth rate dropped from 2.30 percent in 1981 to 0.99 percent.

In 2013, the number of newborns declined to 199,113, with the fertility rate decreasing to 1.07 and the crude birth rate falling to 0.85 percent.

The decline of the birth rate has been accompanied by the ascent of both the average age of marriage and the divorce rate. The average age of marriage increased from 28.1 for men and 24.5 for women in 1981 to 33.8 and 30.8 for men and women respectively in 2012, while the divorce rate rose from 0.83 divorces per 1,000 people in 1981 to 2.30 per 1,000 people in 2013.

Taiwan is now an aging society. The proportion of citizens aged 65 and older has steadily increased, from 2.50 percent of the population in 1952 to 11.53 percent in 2013, and the 15-64 age group, which comprised 55.14 percent of the total population in 1952, grew to 74.15 percent during the same period. Conversely, the share of inhabitants under 15 years of age has been decreasing.

According to projections made in 2012 by the present-day National Development Council (NDC) 國家發展委員會, Taiwan's population is expected to peak at 23.66 million in 2024 and fall thereafter. According to the NDC



Source: Ministry of the Interior

model, in 2060 the population will be 18.92 million and the proportion of those aged 65 or older an unprecedented 39.44 percent, while the shares of those in the 15-64 and under-15 age groups will decline to 50.74 percent and 9.82 percent, respectively. If these trends continue apace, a tremendous pension burden would be placed on workers: by 2060, just 1.29 members of the working-age population will support each elderly person, as opposed to the 2013 rate of 6.43 workers per pensioner.

To address the aging of the population and its effects on national development, the government has been promoting



Chinese Zodiac's Influence on Birthrate

The traditional Chinese zodiac, a repeating 12-year cycle in which each year is represented by one of 12 animals, plays a significant role in the rise and fall of the birthrate in Taiwan because newborns are believed to take on personality traits of that year's animal.

Taiwanese are most likely to give birth in the Year of the Dragon (...1988, 2000, 2012...), which is considered the most auspicious. The dragon, long an emblem of imperial families of ancient China, is regarded as a symbol of luck, might, intelligence and vitality. Many ethnic Chinese hold that people born in a dragon year often burst with ideas and purpose and will have a smoother life. Boosted by the "Year of the Dragon effect" and the government's policies to encourage marriage and childbearing, Taiwan had 229,481 newborns in 2012 and a birthrate of 0.986 percent, both the highest figures since 2003.

The Year of the Tiger (...1986, 1998, 2010...), however, is believed to be the most unfavorable for births, as the tiger, while deemed to be brave, is also seen as headstrong and potentially difficult to work with. As a result, many parents tend to avoid having a child in tiger years. Under the "Year of the Tiger effect," the number of newborns in Taiwan hit a historic low of 166,886 in 2010, and the birthrate declined dramatically to 0.721 percent, one of the lowest in the world.

a new population policy. This policy, mirroring those adopted by other nations facing a “graying” society, aims to establish a comprehensive social security net, further raise the quality of life through education, promote environmental protection and sustainable development, and formulate an appropriate immigration policy.

Immigration

Between 1992 and 2013, the number of foreign nationals living in Taiwan jumped from about 44,400 to 525,100 mainly due to the arrival of blue-collar guest workers beginning in the early 1990s as well as an increase in marriages between ROC citizens and foreign nationals. In December 2013, blue-collar guest workers accounted for 81.68 percent of the total foreign population in Taiwan.

Marriages of ROC citizens to foreigners peaked in 2003 at 54,634 couples, accounting for 31.86 percent of all marriages. In 2013, this figure dropped to 19,492, or one in every 7.6 marriages, with 55.56 percent of non-ROC spouses from mainland China and 24.74 percent from Southeast Asian countries.

In 2012, about 13,600 ROC citizens emigrated to other countries. Statistics show the United States was the top destination, followed by Canada, New Zealand and Australia.



RELATED WEBSITES

- ▶ Ministry of the Interior: <http://www.moi.gov.tw>
- ▶ Water Resources Agency: <http://www.wra.gov.tw>
- ▶ Central Weather Bureau: <http://www.cwb.gov.tw>
- ▶ Penghu County Government: <http://www.penghu.gov.tw>
- ▶ Kinmen County Government: <http://www.kinmen.gov.tw>
- ▶ Lienchiang County Government: <http://www.matsu.gov.tw>
- ▶ Hakka Affairs Council: <http://www.hakka.gov.tw>
- ▶ Council of Indigenous Peoples: <http://www.apc.gov.tw>
- ▶ National Development Council: <http://www.ndc.gov.tw>
- ▶ National Immigration Agency: <http://www.immigration.gov.tw>



2

Government





The Taichung City Government office building was inaugurated in December 2010, when the special municipality of Taichung City was formed through the merger of the original Taichung City with Taichung County. (Courtesy of the Taichung City Government)



The ROC Constitution

The Republic of China is a multiparty democracy founded on the ROC Constitution. The Constitution was adopted by the National Assembly 國民大會 in Nanjing on December 25, 1946; was promulgated on January 1, 1947; and took effect on December 25 of that same year. It comprises 175 articles in 14 chapters, plus 12 additional articles added in seven rounds of revision between 1991 and 2005.

The document begins by declaring: “The Republic of China, founded on the Three Principles of the People 三民主義, shall be a democratic republic of the people, to be governed by the people and for the people.” Formulated by Sun Yat-sen 孫中山, the Three Principles of the People are a philosophical blueprint for building the ROC into a modern, forward-looking nation.

The Principle of Nationalism 民族主義 asserts the ROC’s sovereign status and insists on its equal rights in the international community, as well as ethnic equality. The Principle of Democracy 民權主義 assures each citizen the right to exercise political and civil liberties. The Principle of Social Well-being 民生主義 states that the powers granted to the government must be used to serve the people by developing a prosperous, just society. These three Principles have shaped government policy and legislation in areas ranging from education and land reform to social welfare.

Constitutional Rights and Freedoms

The rights and freedoms guaranteed to citizens by the Constitution include equality before the law; the right to work and own property; and the powers of election and of recall and initiative by means of referendum. In line with Article 136 of the Constitution, the system for exercising the right of direct democracy is stipulated in the Referendum Act 公民投票法.

People are also ensured the freedoms of speech, choice of residence, movement, confidential communication, assembly,

religion and association. Rights and freedoms not specified in the Constitution are protected by Article 22, which states, “All other freedoms and rights of the people that are not detrimental to social order or public welfare shall be guaranteed under the Constitution.”

Fundamental National Policies

The Constitution specifies areas of concern that require supplementary legislation as well as issues of importance to the nation. Chapter XIII of the Constitution, titled “Fundamental National Policies,” contains guidelines on national defense, foreign policy, national economy, social security, education and culture. Principles governing environmental protection, national health insurance and gender equality are enunciated in the Additional Articles of the Constitution.

Political Reforms

To deal with the threat posed by the Chinese Communist Party during the Chinese Civil War, the National Assembly adopted the Temporary Provisions Effective During the Period of National Mobilization for Suppression of the Communist Rebellion 動員戡亂時期臨時條款 in 1948. Thereby, presidential powers were greatly expanded while protection of basic freedoms and rights were seriously eroded.

Following the end of martial law in 1987, the National Assembly abolished the Temporary Provisions in 1991 with the aim of more effectively implementing constitutional democracy as well as fostering healthy cross-strait relations. In that same year, the Period of National Mobilization for Suppression of the Communist Rebellion was ended by decree. (See Chapter 4, “Cross-strait Relations.”)

A number of major reforms in the ROC’s political system have been accomplished through constitutional amendments. Six rounds of constitutional revision in 1991, 1992, 1994, 1997, 1999 and 2000 initiated direct popular elections of ROC president and vice president; instituted regular

elections for all seats in the Legislative Yuan (Legislature) 立法院; granted the Legislative Yuan power to initiate a no-confidence vote against the premier (president of the Executive Yuan 行政院); gave the president of the ROC authority to dissolve the Legislative Yuan; reformed the Control Yuan 監察院; and reduced the scope of authority and operations of the Taiwan Provincial Government 臺灣省政府.

In 2004, the Legislature passed a package of proposals for constitutional amendments on issues regarding parliamentary organization, changes in the system for electing legislators, transfer of power to ratify proposed constitutional amendments from the National Assembly to the general electorate through referendum, and abolition of the National Assembly.

Since 2005, the Central Election Commission 中央選舉委員會 has merged various types of elections to reduce the frequency and costs of national elections. Elections for the 13th-term ROC president and eighth-term Legislature were merged and held in January 2012. From December 2014, seven types of local government elections will be held simultaneously.

Central Government

The central government consists of the Office of the President 總統府 and five branches, or *yuan*s—the Executive Yuan, the Legislative Yuan, the Judicial Yuan 司法院, the Examination Yuan 考試院 and the Control Yuan.

Presidency

The president of the ROC is the head of state and commander-in-chief of the Armed Forces. As head of state, the president represents the nation in foreign relations and at state functions, and may conclude international agreements. The president is further empowered by the Constitution to appoint and remove top civil and military officials; promulgate laws; dissolve the Legislative

Yuan in the event it dismisses the premier through a vote of no confidence; help resolve disputes between branches of the central government; and issue emergency decrees in response to national security threats or other crises.

Under the direct administrative jurisdiction of the Office of the President are Academia Sinica 中央研究院, whose scholars are widely reputed as being among the nation's top researchers in many disciplines in both the physical and social sciences; Academia Historica 國史館, custodian of the national archives and other important historical items; and the National Security Council 國家安全會議, charged with assisting the president in addressing issues that concern the nation's critical interests (see Chapter 5, "National Defense").

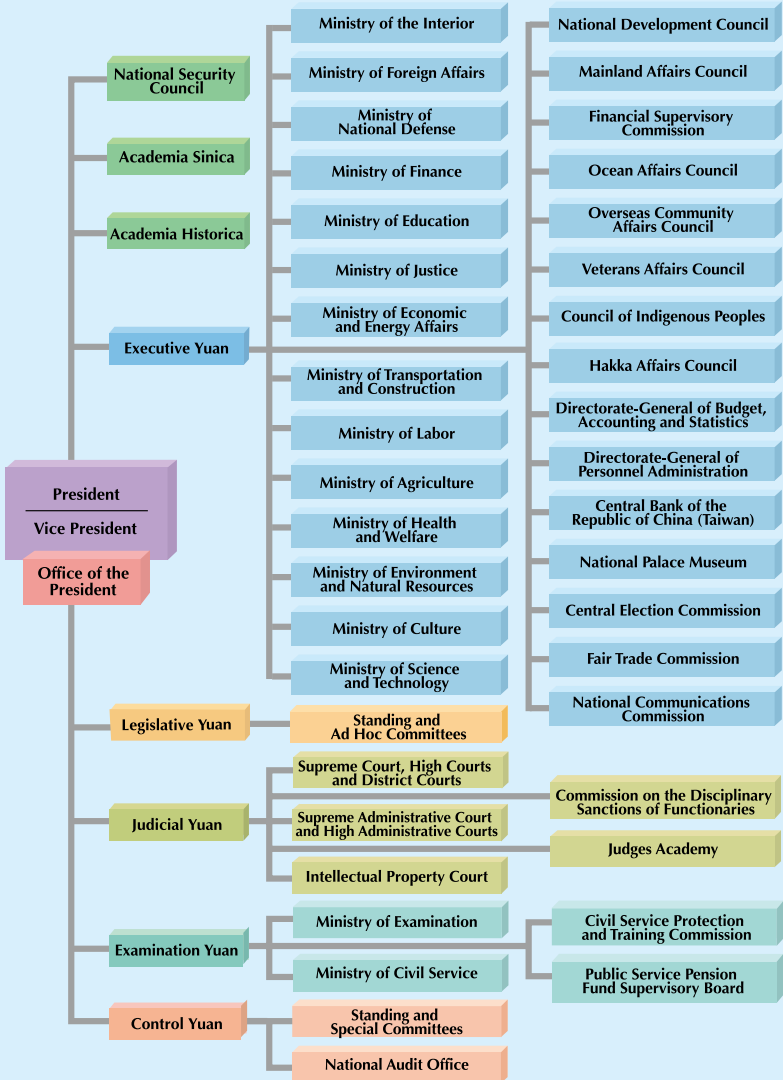
The president and the vice president are elected as a ticket and win office by receiving a plurality of the popular vote. Their term of office is four years, and they may be re-elected to serve one additional term.

The ROC is sometimes described as having a semi-presidential system because the president does not exercise direct administrative authority over the executive branch. Nevertheless, the president exerts considerable influence over the operations of the various branches of the central government through his power to appoint the premier and other top officials.

Executive Yuan

The Executive Yuan is the executive branch of the ROC government, headed by the premier. The premier is directly appointed by the president, while other members of the Executive Yuan Council, or Cabinet—comprising the vice premier, ministers, chairpersons of commissions, and ministers without portfolio—are appointed by the president on recommendation of the premier. In addition to supervising the subordinate organs of the Executive Yuan, the premier explains administrative policies and reports to the Legislative Yuan and responds to the interpellations of legislators.

Central Government After Executive Yuan Reorganization (Restructuring from Jan. 1, 2012 to Dec. 31, 2014)



To streamline the executive branch and improve its effectiveness, while at the same time enhancing flexibility within its departments, several government structure laws were amended between 2010 and 2011. Among them are the Basic Code Governing Central Administrative Agencies Organizations 中央行政機關組織基準法, the Organizational Act of the Executive Yuan 行政院組織法, the Act Governing the Total Number of Personnel Headcounts of Central Government Agencies 中央政府機關總員額法, the Provisional Act for Adjustment of Functions and Organizations of the Executive Yuan 行政院功能業務與組織調整暫行條例 and the Non-Departmental Public Bodies Act 行政法人法.

As a result, several agencies will cease to exist after their functions are transferred to other commissions or ministries, and the number of Cabinet-level organizations will be reduced from 37 to 29 over the restructuring period from January 1, 2012 to December 31, 2014. When the process is complete, the Executive Yuan will consist of 14 ministries, eight councils, three independent agencies and four organizations. The six new ministries being created through the reorganization or consolidation of existing agencies are the Ministry of Labor (MOL), the Ministry of Agriculture, the Ministry of Health and Welfare (MOHW), the Ministry of Environment and Natural Resources, the Ministry of Culture (MOC), and the Ministry of Science and Technology (MOST).

The Government Information Office 行政院新聞局 ceased operations on May 20, 2012, with its various missions respectively assumed by the MOC (which was upgraded from the Council for Cultural Affairs 行政院文化建設委員會), the Executive Yuan and the Ministry of Foreign Affairs. The National Youth Commission 行政院青年輔導委員會 and the Sports Affairs Council 行政院體育委員會 were merged into the Ministry of Education on January 1, 2013. The MOHW was upgraded from the Department of Health 行政院衛生署 on July 23, 2013 and additionally given the social welfare responsibilities previously held by the Ministry of the Interior.

The National Development Council 國家發展委員會—merging the functions of the Council for Economic Planning



■ Taiwan Shilin District Court conducts a simulated trial with the “observer jury” system. A draft bill proposing a quasi-jury system giving citizens the right to participate in courtroom trials is currently under legislative review. (Courtesy of Taiwan Shilin District Court)

and Development 行政院經濟建設委員會, the Research, Development and Evaluation Commission 行政院研究發展考核委員會 and the Public Construction Commission 行政院公共工程委員會—was inaugurated on January 22, 2014. The MOL was upgraded from the Council of Labor Affairs 行政院勞工委員會 on February 17, 2014. The MOST was reorganized from the National Science Council 行政院國家科學委員會 on March 3, 2014. As of June 2014, a total of 22 executive branch agencies had completed restructuring.

Legislative Yuan

The Legislative Yuan is the central government’s sole law-making body. It comprises 113 legislators, who serve four-year terms and are eligible to stand for re-election indefinitely.

Legislators elect from their ranks the legislative speaker, or president of the Legislative Yuan. The speaker is responsible for coordinating operations of the yuan, facilitating communication and compromise among legislators.

The Legislative Yuan's functions and powers include general legislative power; hearing reports by government officials and questioning them on government policies and their implementation; reviewing budgetary bills and audit reports; confirming presidential nominations to top government posts, including members of the Control Yuan and Examination Yuan and the Judicial Yuan's Constitutional Court justices 司法院大法官; and initiating proposals to amend the Constitution subject to ratification by popular referendum.

Further, the Legislative Yuan is empowered to help settle disputes involving local governments; initiate no-confidence votes against the premier; review and confirm emergency decrees issued by the ROC president; and impeach the ROC president or vice president.

Judicial Yuan

The central function of the Judicial Yuan is to oversee the operations of the nation's court systems, the largest of which hears criminal and civil cases and comprises district courts, high courts and the Supreme Court 最高法院. Issues of fact are adjudged by district courts and high courts, while the Supreme Court considers only issues of law.

The administrative court system—consisting of the Supreme Administrative Court 最高行政法院, three high administrative courts 高等行政法院 (in Taipei 臺北, Taichung 臺中 and Kaohsiung 高雄 cities, respectively), and administrative litigation divisions 行政訴訟庭 under district courts—adjudicates cases in which individuals, groups of persons or juridical persons seek remedies to violations of laws or regulations allegedly committed by government organizations. The administrative litigation divisions hand down judgments on questions of fact, the high administrative courts hand down judgments on questions of both fact and

law, while the Supreme Administrative Court reviews only questions of law.

Judges in the ROC's court systems are selected from public prosecutors, attorneys-at-law and scholars or through an examination process designed and administered by the Judicial Yuan. Those who pass the examination undergo an intensive course of training at the yuan's Judges Academy 法官學院. And those who complete the course successfully are appointed as lifetime judges in one of the above-mentioned court systems. However, incompetent judges may be removed from their posts under the Judges Act 法官法 passed in June 2011.

At the apex of the ROC's judicial system are 15 justices of the Constitutional Court, who interpret the Constitution and have the power to unify the interpretation of laws and regulations. They also make recommendations concerning rectification of inconsistencies between different laws and regulations, and preside over impeachment trials of the national president or vice president if the Legislative Yuan passes an impeachment resolution. The justices are nominated and appointed by the ROC president with the consent of the Legislative Yuan.

Examination Yuan

The Examination Yuan is the highest examination organ responsible for administering the nation's civil service system. The primary rationale for having this independent branch of government is to ensure equality of opportunity among candidates for government employment and to set uniform standards, salaries and benefits throughout the central government as well as local governments.

This branch of government comprises a president, a vice president and up to 19 members, all of whom are appointed to six-year terms by the ROC president with the consent of the Legislative Yuan. At the end of their terms, they may be reappointed. Subordinate organizations under the Examination Yuan include the Ministry of Examination, the Ministry of Civil Service, the Civil Service

Protection and Training Commission 公務人員保障暨培訓委員會 and the Public Service Pension Fund Supervisory Board 公務人員退休撫卹基金監理委員會.

Control Yuan

The Control Yuan is an independent body comprised of 29 members and the National Audit Office 審計部. All members, including the Control Yuan president, vice president and auditor-general, are appointed by the ROC president with the consent of the Legislative Yuan for a term of six years.

The Control Yuan is mandated to receive people's complaints against public servants or agencies, conduct relevant investigations and recommend penalization. Control Yuan members can also initiate such investigations of their own accord. Through the National Audit Office, the Control Yuan also exercises the power to monitor the propriety of government organizations' expenditures.

Depending upon their findings, Control Yuan members may propose impeachment, censure or corrective measures against public officials or government agencies for maladministration, violation of law or dereliction of duty. The censured agencies are required to make improvements, while the impeached persons will be given punishment



■ The Examination Yuan, located in Taipei City, is an independent agency that manages Taiwan's civil service system and administers examinations to ensure citizens have equal opportunity to compete for government employment. (Courtesy of the Examination Yuan)

meted out by the Judicial Yuan's Public Functionary Disciplinary Sanction Commission 公務員懲戒委員會 or the Court of the Judiciary 司法院職務法庭。

The Control Yuan is additionally charged with anti-corruption tasks under the regulations of the sunshine acts. In 2000, the Human Rights Protection Committee 人權保障委員會 was also set up to advocate human rights and handle cases of alleged human rights violations.

Local Government

The three levels of autonomous local government are: special municipalities, counties and provincial municipalities, and county municipalities and townships.

Local governments obtain the bulk of their budgets through a revenue-sharing arrangement whereby funds are allocated to them by the central government in



Measuring Taiwan's Well-being

On August 30, 2013, the Directorate-General of Budget, Accounting and Statistics (DGBAS) 行政院主計總處 released Taiwan's first set of National Well-being Indicators 國民幸福指數 to gauge the happiness and well-being of the citizenry in more than just economic terms.

The DGBAS used the same criteria as those found in the Organization of Economic Cooperation and Development's (OECD) "Your Better Life Index"—including housing, community, education, health and safety—although Taiwan is not a member of the organization.

Based on these standards, on a 0-10 scale, Taiwan scored 6.64, equivalent to the 19th highest among the OECD's 34 members plus Russia and Brazil, and ahead of the two Asian OECD members Japan (22nd) and South Korea (28th).

The indicators will be updated annually in August. For more information, please visit the DGBAS at http://happy_index.dgbas.gov.tw.

accordance with standard criteria such as population and economic development.

The mayors and magistrates as well as representative council members of cities, towns and counties are elected to terms of four years.

In December 2010, three new special municipalities were inaugurated to better coordinate public resources and give their residents a stronger voice in national affairs:

- New Taipei City 新北市, originally Taipei County 臺北縣.
- Taichung City, formed through the merger of the original Taichung City with Taichung County 臺中縣.
- Tainan City 臺南市, formed through the merger of the original Tainan City with Tainan County 臺南縣.

That same month, the previously existing special municipality of Kaohsiung City and Kaohsiung County 高雄縣 became today's expanded Kaohsiung City special municipality. Meanwhile, the status of the special municipality and national capital, Taipei City, remains unchanged.

Taoyuan County 桃園縣 is set to be promoted to a special municipality in December 2014.

Clean, Efficient Government

To boost transparency of government operations, in August 2007 the Legislative Yuan passed the Lobbying Act 遊說法, which took effect in August 2008. The law requires lobbyists to register their lobbying activities, while central and local government officials and elected representatives must inform responsible agencies of their communications with lobbyists.

Other actions taken to combat corruption in recent years include the enactment of regulations limiting the value and sources of gifts that public servants may accept, and amendments were made to the Anti-corruption Act 貪污治罪條例 in 2011 to punish those attempting to bribe public servants and raise penalties for public servants who are untruthful about suspicious increases in their property or income. In addition, the Agency Against Corruption 法務部廉政署, dedicated to prevention and investigation of

corruption, began operations in July 2011 under the Ministry of Justice.

To ensure administrative neutrality and press freedom, the Legislative Yuan in January 2011 approved an amendment to the Budget Act 預算法, prohibiting government agencies, state-run businesses and foundations as well as enterprises in which the government holds a majority stake from engaging in embedded advertising. Also, promotions of government policy or messages to the public in the media must be clearly labeled as such, along with the name of the sponsoring agency.

In September 2012, the Executive Yuan enacted guidelines for the executive branch and its subordinate agencies on the registration and monitoring of lobbying cases. Aside from making lobbying and its reporting more systematic, transparent and standardized, the guidelines are intended to curtail lobbying culture in the public sector while ensuring that government responsibilities are carried out properly. In case of improper lobbying, the person being lobbied should register the act at the ethics office of his workplace within three days.

E-government Development

Governments at the central and local levels have been striving to provide one-stop online services better tailored to the public's needs. In addition to easy income tax filing options, e-government advances in recent years include the establishment of thousands of free Wi-Fi public hot spots across Taiwan; the creation of agricultural mobile applications keeping farmers up-to-date on critical market news; and partnerships with convenience stores offering 24-hour access to such services as tax and fee payments or driver's license renewals.

The Phase IV E-government Program 第四階段電子化政府計畫 (2012-2016) envisions "service without boundaries, providing a better life to all citizens." Among the program's measures, the government is developing integrated application services and expanding core databases to improve

data sharing and interoperability among agencies. Processes are being simplified to provide end-to-end government services, while special attention is being paid to underprivileged groups to foster digital inclusivity.



RELATED WEBSITES

- ▶ Office of the President: <http://www.president.gov.tw>
- ▶ Executive Yuan: <http://www.ey.gov.tw>
- ▶ Legislative Yuan: <http://www.ly.gov.tw>
- ▶ Judicial Yuan: <http://www.judicial.gov.tw>
- ▶ Examination Yuan: <http://www.exam.gov.tw>
- ▶ Control Yuan: <http://www.cy.gov.tw>
- ▶ MyEGov: <http://www.taiwan.gov.tw>



3

Foreign Affairs





President Ma Ying-jeou is greeted by high school students in São Tomé and Príncipe during his state visit to the African ally in January 2014. (Courtesy of the Office of the President)



Foreign Policy

Viable Diplomacy

As Article 141 of the Constitution of the Republic of China (ROC) stipulates, “The foreign policy of the Republic of China shall, in a spirit of independence and initiative and on the basis of the principles of equality and reciprocity, cultivate good-neighborliness with other nations and respect treaties and the Charter of the United Nations in order to protect the rights and interests of ROC citizens residing abroad, promote international cooperation, advance international justice and ensure world peace.”

Since President Ma Ying-jeou 馬英九 took office in May 2008, the government has adopted a policy of “viable diplomacy” 活路外交 based on the principles of dignity, autonomy, pragmatism and flexibility. This policy allows the ROC to pursue rapprochement with the Chinese mainland and redirect its diplomatic resources toward enhancing substantive ties with other nations. Under this policy, the ROC has effectively guided its efforts toward bolstering bilateral and multilateral cooperation.

The East China Sea Peace Initiative 東海和平倡議 proposed by President Ma on August 5, 2012 encourages all parties to the Diaoyutai Islands 釣魚臺列嶼 dispute to engage in peaceful dialogue based on reciprocal benefits and shared interests. The conclusion of the fisheries agreement between Taiwan and Japan on April 10, 2013 demonstrates the success of this peace initiative and of viable diplomacy. Meanwhile, the ROC continues to stand firm on its position that the Diaoyutais are an inherent part of its territory.

To forestall the possibility of conflict over the East China Sea Air Defense Identification Zone, President Ma issued the Statement on East China Sea Air Space Security 東海空域安全聲明 on February 26, 2014, proposing that all parties concerned seek to resolve disputes by peaceful means pursuant to international law and the East China Sea Peace Initiative.

The ultimate goal of ROC foreign policy is to create a peaceful environment favorable for Taiwan’s preservation and sustainable development. Through viable diplomacy, the

ROC also aims to solidify its roles in the international community, especially those of peacemaker, provider of humanitarian aid, promoter of cultural exchanges, creator of new technologies and business opportunities, and standard-bearer of Chinese culture.

Bilateral Ties

Through its partnerships with nations the world over, the ROC seeks to advance common agendas that benefit all. As of April 2014, it had full diplomatic relations with 22 states—12 in Central and South America and the Caribbean, three in Africa, six in Oceania and one in Europe (see table “Embassies and Missions Abroad”). It maintained 91 representative offices in the capitals and major cities of 57 countries. Meanwhile, the ROC’s diplomatic allies, the European Union and other countries maintained 68 embassies or representative offices in the ROC.

Additionally, the number of countries and territories extending visa-free, landing visa privileges and other entry facilitation programs to ROC passport holders climbed from 54 in May 2008 to 140 as of May 2014.

To encourage the nation’s young people to engage in international activities and enhance mutual understanding with their peers in foreign countries, the Ministry of Foreign Affairs (MOFA) has designed six programs such as Teen Diplomatic Envoys 外交小尖兵, Youth Ambassadors 國際青年大使 and the Working Holiday Program 度假打工計畫.

The ROC has also signed working holiday programs with 11 countries, allowing young people from the ROC to live, work and vacation for up to 12 months in Australia, Canada, Germany, Japan, New Zealand, South Korea, Ireland, Belgium, Hungary and Slovakia, and up to two years in the United Kingdom.

Diplomatic Partners

The ROC enjoys close relations with its diplomatic allies in Latin America, the Caribbean, Africa and Oceania.

Countless instances of fruitful cooperation with them can be cited in areas such as small and medium-sized enterprises (SME) development, agriculture, information technology, medical care, environmental protection and tourism. The ROC has signed bilateral free trade agreements with Panama, Guatemala, Nicaragua, El Salvador and Honduras.

In July 2013, the ROC began funding a project to renovate Guatemala's grain storage facilities, enabling their farmers to improve the quality of stored corn.

October 2013 saw the ROC launch a post-baccalaureate medical program at southern Taiwan's I-Shou University 義守大學 for students from diplomatic allies, including the Dominican Republic, Haiti, Kiribati, Marshall Islands, Palau, Solomon Islands and Swaziland. After graduation, these students are expected to make significant contributions to their home communities, where medical professionals and resources are in short supply.

To help Palau deal with the devastation left by Typhoon Haiyan 海燕颱風 in November 2013, the ROC government contributed US\$100,000 in humanitarian aid to the Pacific ally. It also joined hands with the Red Cross Society of the Republic of China (Taiwan) 中華民國紅十字會總會 to donate prefabricated houses and other relief supplies.

In December 2013, the ROC and Panama signed an agreement regarding the application of the two countries' trade competition laws. The first such treaty inked with a Latin American ally, it is intended to help expand Taiwan's cooperation with competition law authorities in Central and South America and promote economic stability and prosperity in that region.

The ROC and St. Kitts and Nevis commemorated 30 years of diplomatic relations in January 2014 and jointly issued a set of postal stamps showcasing cooperative projects between the two countries.

In February 2014, the ROC and Burkina Faso also commemorated 20 years of the re-establishment of diplomatic relations. A series of activities, including a vocational training exhibition, were held.

Embassies and Missions Abroad

<i>Embassies</i>			
Belize	Holy See	Palau	São Tomé and Príncipe
Burkina Faso	Honduras	Panama	Solomon Islands
Dominican Republic	Kiribati	Paraguay	Swaziland
El Salvador	Marshall Islands	St. Kitts and Nevis	Tuvalu
Guatemala	Nauru	St. Lucia	
Haiti	Nicaragua	St. Vincent and the Grenadines	
<i>Missions¹</i>			
Argentina	France	Mexico	Slovakia
Australia	Germany	Mongolia	South Africa
Austria	Greece	Netherlands	South Korea
Bahrain	Hungary	New Zealand	Spain
Belgium (European Union) ²	India	Nigeria	Sweden
Brazil	Indonesia	Norway	Switzerland
Brunei	Ireland	Oman	Thailand
Canada	Israel	Papua New Guinea	Turkey
Chile	Italy	Peru	United Arab Emirates
Colombia	Japan	Philippines	United Kingdom
Czech Republic	Jordan	Poland	United States of America
Denmark	Kuwait	Portugal	Vietnam
Ecuador	Latvia	Russia	World Trade Organization
Fiji	Libya	Saudi Arabia	
Finland	Malaysia	Singapore	

1. The ROC has 91 representative offices in 57 countries in addition to a mission at the World Trade Organization headquarters in Geneva.

2. The ROC representative office in Belgium doubles as the nation's mission to the European Union.

Source: Ministry of Foreign Affairs, April 2014

That same month, the ROC and El Salvador concluded an SME cooperation agreement covering business development, industrial design and innovation. The pact will enable El Salvador to draw on Taiwan's experience in developing SMEs.

The ROC and its partners also engage in frequent high-level visits. Paraguayan President Federico Franco, Kiribati President Anote Tong, Guatemalan President

Otto Pérez Molina and Solomon Islands Governor-General Frank Kabui made state visits to the ROC in 2013.

In late January 2014, President Ma traveled to São Tomé and Príncipe, Burkina Faso and Honduras, where he met with the respective heads of state, discussed opportunities for expanding cultural and educational exchanges through public-private sector collaboration, and examined progress on joint projects in agriculture, energy supply, environmental development, medical care and vocational training. He also attended the January 27 inauguration of Honduran President Juan Orlando Hernández.

President Ma kicked off another state trip in late June 2014, to Panama and El Salvador. During the seven-day visit, he attended the July 1 swearing-in of Panamanian President Juan Carlos Varela and Vice President Isabel Saint Malo de Alvarado, and signed a joint communiqué with El Salvadorian President Salvador Sánchez Cerén to further bilateral cooperation over the next five years.

Taiwan-US Relations

Despite a lack of formal diplomatic ties since 1979, the ROC and the United States continue to have an important security and economic partnership. The United States is the ROC's third-largest trading partner, while the ROC is the United States' 12th-largest. The two countries maintain a wide range of cooperative relations in the realms of security, trade, investment, cultural exchange, education, and science and technology.

In October 2012, the U.S. government announced Taiwan's inclusion in its Visa Waiver Program, making the ROC the 37th country to obtain visa waiver treatment from the United States and the seventh in the Asia-Pacific region, after Australia, New Zealand, Japan, Singapore, Brunei and South Korea. Since November 2012, ROC passport holders have been allowed to enter the United States visa-free for stays of up to 90 days.

In March 2013, Taiwan and the United States resumed talks on the Trade and Investment Framework Agreement

(TIFA) in Taipei 臺北 after a hiatus of more than five years, producing numerous positive outcomes, including the release of joint statements on information and communications technology services and investment principles, as well as the launch of TIFA working groups on investment and technical barriers to trade.

The United States is also one of several major countries to voice strong support for the ROC's greater participation in international organizations. In June 2013, for instance, the U.S. House of Representatives and Senate unanimously passed a bill directing the U.S. secretary of state to assist Taiwan in obtaining observer status at the International Civil Aviation Organization (ICAO) assembly and related meetings, activities and mechanisms. The bill was later signed into law by U.S. President Barack Obama. And when Taiwan was invited to attend the 38th ICAO Assembly that September, the U.S. Department of State issued a statement welcoming the news and voiced continued support for Taiwan's meaningful participation in multilateral organizations.

Also in June 2013, the U.S. House of Representatives passed the National Defense Authorization Act for Fiscal Year 2014, which contains two revisions pertaining to Taiwan. The first directs the U.S. president to sell F-16 C/D aircraft to Taiwan, and the second suggests it should be U.S. policy to allow high-level Taiwan officials to conduct meetings with their counterparts in America, particularly in executive departments.

The following month, Taiwan and the United States concluded three agreements on environmental protection and atmospheric monitoring, which allow the two sides to enhance clean energy development, improve air quality, and monitor the atmosphere through information exchanges, personnel training, visits and seminars. Later that month in Washington, D.C., the two sides held a joint conference on monitoring mercury pollution in the Asia-Pacific region.

In January 2014, Taiwan and the United States inked an agreement on nuclear energy, affirming the two sides'

commitment to cooperating in the control, development and peaceful use of nuclear energy.

President Ma's East China Sea Peace Initiative was lauded by U.S. Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel in February 2014 during his testimony before the House Foreign Affairs Committee. Russel stated that the initiative contains many important elements and principles that "are at the heart of the U.S. strategy and the U.S. effort, namely respect for international law and peaceful resolution of disputes." In a separate testimony to the Senate Foreign Relations Committee two months later, Russel also said that the U.S. welcomed Taiwan's interest in the Trans-Pacific Partnership (TPP).

In April 2014, the U.S. House of Representatives passed a resolution reaffirming the importance of the Taiwan Relations Act and authorizing the sale of four



■ The ROC (Taiwan)-U.S.-Japan Trilateral Security Dialogue held in October 2013 in Taipei gathers experts from domestic and international think tanks to discuss security issues affecting the three nations. (Courtesy of the Ministry of Foreign Affairs)

Oliver Hazard Perry-class guided missile frigates to Taiwan. Following the lead of the House, a total of 52 U.S. senators signed a letter to President Obama backing the Taiwan Relations Act and highlighting the ROC's aspiration for greater integration into regional economic and trade mechanisms, such as the TPP.

That same month, U.S. Environmental Protection Agency (EPA) Administrator Gina McCarthy traveled to Taiwan, marking the first visit by a cabinet-level official from Washington in 14 years. McCarthy witnessed the inauguration of the International Environmental Partnership 國際環境夥伴計畫 newly launched by the ROC, stating that the EPA is proud to be a founding partner of this important initiative.

Taiwan-Japan Relations

The ROC and Japan are neighbors with significant historical, trade and investment ties. Though the two countries lack formal diplomatic relations, Japan is the ROC's second-largest trading partner and one of its biggest foreign investment sources, while the ROC is Japan's fourth-largest trading partner.

Since May 2008, relations between the two nations have yielded fruitful results. These include inking a working holiday agreement; setting up a Taiwan representative office in Sapporo; resuming direct flights between Taipei International Airport (Songshan Airport) 臺北國際航空站 and Tokyo International Airport (Haneda Airport); establishing the Taipei Cultural Center 臺北文化中心 in Tokyo; finalizing an investment protection accord; amending a joint aviation pact; implementing a memorandum of understanding (MOU) for the speedy processing of patent applications; and inking an agreement to fast-track accreditation and clearance procedures for electronic and telecommunications products.

In April 2013, after 17 years of negotiations, the two sides signed the Taiwan and Japan fisheries agreement, which defined their respective fishing rights in overlapping

exclusive economic zones surrounding the disputed Diaoyutai Islands in the East China Sea. The negotiations leading up to the agreement were based on the principal concept from President Ma's East China Sea Peace Initiative that, while sovereignty cannot be divided or conceded, resources can be shared. A joint fishing committee was also formed in May 2013 to continue negotiations on other overlapping areas outside the "agreement-designated zone" and various fisheries cooperation issues.

In October 2013, the ROC (Taiwan)-U.S.-Japan Trilateral Security Dialogue 臺美日三邊安全對話 was held in Taipei, bringing leading academics and lawmakers together to discuss strategic security relations and strengthening connections among all three partners through shared values including democracy, the free market mechanism and rule of law. The event was organized by the MOFA in conjunction with the Taipei-based Chinese Council of Advanced Policy Studies 中華民國高等政策研究協會, the American Enterprise Institute for Public Policy Research and the Tokyo Foundation.

In early November 2013, Taiwan and Japan inked three agreements on e-commerce, pharmaceutical regulation cooperation, and search and rescue operations involving aviation accidents at sea. Two MOUs on high-speed rail transportation and priority rights document electronic exchange were also concluded. In late November, another MOU on financial supervision cooperation was signed by the two sides.

Taiwan and Asia-Pacific Relations

Taiwan is among the top foreign investors in Indonesia, Malaysia, the Philippines, Thailand and Vietnam. It is also an important market for goods and services from the Association of Southeast Asian Nations (ASEAN) as well as a provider of technology to this area. In 2013, ROC exports to ASEAN member states amounted to US\$58.77 billion, an increase of 3.9 percent over 2012, while imports from that region reached US\$32.61 billion, down 3.4 percent.



Toward Regional Trade Integration

As countries around the world move toward regional trade integration, Taiwan is also endeavoring to secure membership in the trade blocs of the Asian and Pacific regions to strengthen economic and trade relations with other countries and expand into world markets. Currently, the country's main policy objective is to join the TPP, which includes 12 Asia-Pacific Economic Cooperation (APEC) members, and the Regional Comprehensive Economic Partnership (RCEP), a free trade bloc of the 10 ASEAN member states and their six free trade agreement partners.

To gain wider support for this endeavor, President Ma has invited former Vice President Vincent Siew 蕭萬長 to head a private-sector committee to collect opinions from all sectors of society and build strategies for speeding up Taiwan's inclusion in regional programs. To show the government's determination, the Executive Yuan 行政院 has expanded its Committee on Global Economic and Trade Strategies 國際經貿策略小組, under which the Ministry of Economic Affairs (MOEA) has also established a task force responsible for fast-tracking Taiwan's accession to the TPP and RCEP.

In February 2014, the MOEA and MOFA held a four-day meeting in Taiwan for ROC envoys stationed in TPP and RCEP member states, focusing on strategy formulation and information sharing for Taiwan's inclusion in these two trade blocs. Numerous ministries are also striving to bring Taiwan's economic and trade environment into accord with the global community by harmonizing domestic laws in line with international standards.

Taiwan's opportunities to integrate more fully into the Asia-Pacific economy have been enhanced by positive developments in relations with mainland China over the past six years, during which the two sides signed 21 agreements, including the landmark Cross-Straits Economic Cooperation Framework Agreement 海峽兩岸經濟合作架構協議. In 2013, after years of negotiations, Taiwan



■ Minister without Portfolio Lin Junq-tzer (center left) presents relief donations on behalf of Taiwan to a Philippine military representative after the Southeast Asian country was ravaged by Typhoon Haiyan in November 2013. (Courtesy of the Ministry of Foreign Affairs)

signed an important economic cooperation agreement with New Zealand in July and another with Singapore in November. It has also concluded studies on the feasibility of entering similar agreements with India and Indonesia.

In the aftermath of the *Guang Da Xing No. 28* 廣大興28號 fishing boat shooting incident on May 9, 2013, Taiwan and the Philippines had held three rounds of fisheries cooperation meetings as of April 2014. Both governments hope to find ways to deal with the overlapping exclusive economic zones using the model of the Taiwan-Japan fisheries agreement and in accordance with the U.N. Convention on the Law of the Sea.

The first meeting took place June 2013, when the two sides signed a summary conclusion agreeing to: (1) refrain from the use of force or violence in law enforcement

actions; (2) share basic maritime law enforcement procedures; (3) establish a notification mechanism for fishery incidents, such as close pursuit, boarding, inspection, arrest or detention of fishing boats and crews, or for any administrative or judicial procedures taken; and (4) formulate a mechanism for the prompt release of detained fishing vessels and their crews.

At the second fisheries cooperation meeting in October 2013, Taiwan and the Philippines confirmed the establishment of the law enforcement communication mechanism, as well as procedures for emergency notification and the prompt release of detained vessels and crews. They also agreed to form a technical working group to discuss cooperation issues, including fisheries resource management and fishing operation areas. During the third meeting in April 2014, the two sides agreed to cooperate on issues regarding marine patrol in overlapping waters.

To help the Philippines recover from the havoc wreaked by Typhoon Haiyan November 8, 2013, Taiwan announced a donation of US\$200,000 in humanitarian aid on November 10. In the following days the ROC established a platform to better coordinate relief efforts among its government agencies and opened two designated bank accounts to collect donations from Taiwan's private sector. ROC citizens and nongovernmental organizations (NGOs) also donated relief supplies, which were delivered to the Philippines by ROC military planes and vessels. As of March 13, 2014, the cash and material donations made by Taiwan's public and private sectors had reached NT\$382.58 million (US\$12.60 million).

As for Taiwan's relations with Thailand, in September 2013 the two countries signed an educational cooperation agreement, boosting collaboration in student and teacher exchanges, scholarship programs, credit and degree recognition, as well as education exhibitions and forums.

Taiwan and Malaysia held a joint economic conference in Kuala Lumpur in December 2013, reviving a bilateral economic cooperation platform last staged in 2000. During the meeting, two MOUs were signed to promote business exchange between the two sides.

Taiwan-Europe Relations

The ROC enjoys strong ties with European countries. The European Union is currently the ROC's leading source of foreign direct investment and fourth-largest trading partner, while the ROC is the European Union's seventh-largest trading partner in Asia and 21st worldwide. The annual Taiwan-EU Consultation, held alternately in Brussels and Taipei, serves as an important platform for promoting cooperation in all areas.

The healthy state of bilateral relations is evidenced by more than 200 agreements concluded over the past decade between Taiwan and EU member states. These span a wide range of areas, such as air transportation, culture, education, finance, health care, intellectual property rights, research, taxation, technology, working holiday programs and anti-piracy cooperation.

Since 2008, EU institutions and the European Parliament have issued numerous statements and resolutions in favor of the ROC's efforts to improve cross-strait relations and participate more fully in international organizations by extending cross-strait conciliation into the realm of global affairs.

Parliamentary liaisons in particular have played a valuable role in encouraging the development of cooperative bilateral and multilateral ties over the years. The European Parliament-Taiwan Friendship Group, for example, has supported Taiwan's endeavors to play a constructive role in the international community and contribute to regional and global peace and prosperity.

In October 2013, the European Parliament adopted a resolution on EU-Taiwan trade relations, urging the European Commission to begin talks with Taiwan over an agreement on investment protection and market access.

In the same month, the European Parliament passed another resolution on the annual EU Common Foreign and Security Policy report, praising Taiwan's efforts to maintain stability in the Asia-Pacific region, recognizing the progress made in cross-strait relations, and reiterating

support for Taiwan's meaningful participation in international organizations. The European Parliament also urged the Council of the European Union and the European Commission to facilitate the negotiation of a Taiwan-EU economic cooperation agreement and encourage closer cooperation in culture, education, environmental protection, research and trade.

Other positive developments in recent interactions between the ROC and individual European countries are as follows:

- June 2013—Taiwan and the Czech Republic inked a cooperative research and development (R&D) accord to establish an innovation platform aimed to jointly explore the EU market.
- September 2013—Taiwan signed an MOU on intellectual property rights with the United Kingdom, and an MOU on creating a Patent Prosecution Highway with Spain.
- October 2013—Montserrat, a British overseas territory in the Caribbean, afforded visa-free privileges to ROC tourists for stays of up to six months.
- November 2013—Taiwan and Germany inked a prisoner exchange pact, which allows prisoners to be returned to their respective home countries to serve out the remainder of their sentences; Taiwan and the Netherlands penned an MOU to continue R&D cooperation in life science and health, green energy sources, and high-tech systems and materials; Kosovo extended visa-waiver privileges to ROC citizens who visit the Balkan country for stays of up to 90 days.
- December 2013—Taiwan won observer status from the European Pharmacopoeia Commission, which sets the standards for drug quality, testing and pharmaceutical management in Europe.
- January 2014—Taiwan's National Fire Agency 內政部消防署 and Italy's National Fire Corps signed an MOU calling for bilateral collaboration on enhancing natural disaster prevention and rescue capabilities.
- February 2014—Taiwan and Hungary signed a working holiday agreement.

- April 2014—Taiwan and Slovakia signed a working holiday MOU; Vice President Wu Den-yih 吳敦義 represented President Ma at the canonization ceremony of the late popes John XXIII and John Paul II at the Vatican.

Participation in International Bodies

As of April 2014, Taiwan enjoyed full membership in 35 intergovernmental organizations (IGOs) and their subsidiary bodies. Among them, Taiwan participates in the World Trade Organization under the name “Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu,” and the APEC under the name “Chinese Taipei.” The latest IGO to welcome Taiwan as a member—in January 2014—is the Seoul-based Asset Recovery Interagency Network-Asia Pacific. In addition, the ROC had observership or other status in 22 other IGOs or their subsidiary bodies, including the World Health Assembly.

Among these 57 organizations, the World Vegetable Center and the Food and Fertilizer Technology Center for the Asian and Pacific Region—two renowned international organizations dedicated to promoting global and regional agricultural development—are headquartered in Taiwan.

In September 2013, after years of efforts, Taiwan was invited to attend the 38th ICAO Assembly as a guest of the president of the ICAO Council. This marked Taiwan’s first opportunity to participate in the world aviation body since the ROC withdrew from the U.N. 42 years ago. Encouraged by this recent development, Taiwan will continue to seek further and broader participation in relevant ICAO meetings, mechanisms and activities. Currently, Taiwan is also seeking observership in the U.N. Framework Convention on Climate Change (UNFCCC).

While full membership in the U.N. currently remains distant, the ROC government continues to seek meaningful and pertinent participation in U.N. specialized agencies and mechanisms crucial to the welfare of the people of

Taiwan and the development of the nation, including the World Health Organization, ICAO and the UNFCCC. The government's pragmatic, rational, and non-confrontational approach has received wide support from the international community, and has led to Taiwan's broader involvement on the international stage.

Development and Humanitarian Assistance

In the 1950s, the ROC was the beneficiary of approximately US\$100 million in foreign aid each year, equivalent to about 9 percent of its gross domestic product at the time. Thanks to such aid, it was able to come through the difficult post-war years and create an “economic miracle” in Taiwan.

The people of Taiwan are grateful for this generosity and feel morally obligated to help other societies in need. Over the past five decades, the ROC has provided hundreds of millions of dollars' worth of financial, material and technical aid, accumulating an abundance of valuable experience and a long list of accomplishments in the process.

International Cooperation Development Fund

The International Cooperation Development Fund (TaiwanICDF) 國際合作發展基金會 was established in 1996 as an independent agency implementing government-funded foreign aid programs. The organization's core operations include lending and investment, technical cooperation, humanitarian assistance, and international education and training. In 2013, the organization implemented 92 projects in partner countries, principally in Latin America, the Caribbean, Africa and Oceania.

The TaiwanICDF's lending and investment activities range from providing microfinancing to funding large-scale infrastructure projects through cooperation with

multilateral development banks, and from assisting private-sector growth to boosting social development.

The organization also nurtures academic talent through its Higher Education Scholarship Program, which enables foreign students to study in a range of undergraduate and postgraduate degree programs at universities in Taiwan. The scholarships primarily focus on sustainable agricultural development, public health and medicine, science and technology, the humanities and social sciences, and private-sector development.

The broader goal of education and training operations at the TaiwanICDF is to spur social and economic progress by assisting partner countries to improve and expand their pool of human resources. To this end, the organization conducts seminars and workshops on Taiwan's own development experiences for participants from around the world.



■ Teaching English to children in developing countries is one of many services provided by volunteers from Taiwan's International Cooperation Development Fund. (Courtesy of TaiwanICDF)

To utilize the talents of ROC nationals who are eager to share their know-how while learning from other cultures, the TaiwanICDF recruits medics, technicians and agricultural experts to serve abroad. The organization also directs the Taiwan Youth Overseas Service 外交替代役, through which young men perform humanitarian services abroad in place of military service at home.

In addition, the TaiwanICDF offers timely and long-term assistance in cooperation with like-minded public and private organizations in the event of natural disasters. For example, as part of recovery efforts following the earthquake that struck Haiti in 2010, the TaiwanICDF implemented a number of measures on training in agricultural production and bamboo handicrafts. Moreover, to address difficulties arising from the lack of water, the organization also worked with the Red Cross Society of the Republic of China (Taiwan) on the construction of a local water supply system, which was completed in April 2014.

Contributions by Nongovernmental Organizations

Following societal changes, economic liberalization and democratic transformation over the past few decades, domestic NGOs have flourished. They have raised the ROC's profile by working with renowned international nongovernmental organizations (INGOs) on projects closely aligned with U.N. Millennium Development Goals.

In Thailand, Cambodia, Vietnam and Pakistan, Taiwan's NGOs have collaborated with a variety of INGOs, such as the Humpty Dumpty Institute, the Border Consortium, Handicaps Enfants sans Frontière, Cleft Lip and Palate Association Pakistan and Fullness in Christ Fellowship, in the fields of agriculture, public health and poverty reduction. In Africa, Taiwan's NGOs implemented educational and medical projects in Swaziland and Malawi.

In South America, some NGOs cooperated with the Christian Children's Fund of Canada and World Vision in Paraguay, El Salvador and Haiti. Related projects covered such areas as humanitarian aid, medical assistance, poverty eradication, democratization, human rights and sustainable development.

NGOs providing international assistance in past years include the Taiwan Root Medical Peace Corps 臺灣路竹會, which delivered medical services to countries such as Haiti, Panama, Honduras, Nicaragua and the Philippines; the Taipei Overseas Peace Service 中華人權協會台北海外和平服務團, which has worked for decades to provide primary education to refugee children in Thailand; the Amitofo Care Center 阿彌陀佛關懷中心, which has established orphanages in southern Africa and collaborated with the Puhsein Foundation 普賢教育基金會 to promote traditional Chinese education programs in Malawi, Swaziland and Lesotho; and World Vision Taiwan and the Taiwan Fund for Children and Families 臺灣兒童暨家庭扶助基金會, which have helped thousands of children around the globe through both public- and private-sector support.

In September 2013, the Taiwan Alliance in International Development (Taiwan AID) 台灣海外援助發展聯盟 was formed by 29 domestic NGOs including the Eden Social Welfare Foundation 伊甸社會福利基金會, Noordhoff Craniofacial Foundation 羅慧夫顱顏基金會 and Zhi-Shan Foundation Taiwan 至善社會福利基金會. Taiwan AID serves as a platform for experience and information sharing and cooperation in the fields of humanitarian aid, post-disaster reconstruction, long-term development and education.

Taiwan is also the birthplace and headquarters of the Buddhist Compassion Relief Tzu Chi Foundation 佛教慈濟慈善事業基金會, the world's largest Buddhist charity. Tzu Chi has some 10 million regular financial supporters worldwide and 250,000 volunteer workers serving in 49 countries and provides medical services, emergency relief, and various types of long-term assistance all over the

world. Its members are typically among the first to reach the scenes of major natural disasters, such as Hurricane Sandy in the U.S. in October 2012, and Typhoon Haiyan in the Philippines in November 2013.



RELATED WEBSITES

- ▶ Ministry of Foreign Affairs: <http://www.mofa.gov.tw>
- ▶ International Cooperation and Development Fund: <http://www.icdf.org.tw>
- ▶ Taipei Overseas Peace Service: <http://www.cahr.org.tw/tops>
- ▶ Buddhist Compassion Relief Tzu Chi Foundation: <http://www.tzuchi.org>
- ▶ AVRDC–The World Vegetable Center: <http://avrdc.org>
- ▶ Food and Fertilizer Technology Center: <http://www.agnet.org>
- ▶ Taiwan Fund for Children and Families: <http://www.ccf.org.tw>



4

Cross-strait Relations





Around 1,600 paper pandas—created by French artist Paulo Grangeon—roam in front of the Office of the President in 2014 as part of an exhibition on endangered species protection. Giant pandas have enjoyed great popularity in Taiwan since mainland China gifted a pair in 2008 under an indigenous rare species exchange agreement. (Courtesy of the Taipei City Government)



Evolving Relationship

At the time the Republic of China (ROC) was founded in mainland China in 1912, Taiwan was under Japanese colonial rule as a result of the 1895 Treaty of Shimonoseki, by which Qing-dynasty 清朝 China (1644-1912) ceded the island province to Japan. At the end of World War II in 1945, the ROC government declared Taiwan a province of the Republic. Four years later, after fighting a civil war with Chinese Communist Party (CCP) rebels, the ROC government led by the Chinese Nationalist Party, or Kuomintang (KMT) 中國國民黨, relocated to the island. The CCP regime, meanwhile, declared the establishment of the People's Republic of China (PRC).

Since then, the ROC government's effective jurisdiction has been limited to Taiwan and the Penghu 澎湖, Kinmen 金門 and Matsu 馬祖 archipelagos, in addition to a number of smaller islands. Estrangement and military tension marked relations between the two sides of the Taiwan Strait until the early 1990s, when cross-strait talks were launched and later became institutionalized in mid-2008, moving on to a relationship of extensive economic and people-to-people exchanges.

1949-1987: From Mutual Denial to Initial Opening

During the Cold War, the Taipei-based, KMT-led government and the Beijing-based, CCP-led government denied each other's legitimacy. Each claimed sovereignty over all of China inclusive of the mainland and Taiwan and attempted or threatened to use force to resolve the issue. In 1979, Beijing's policy statements began to stress the use of "peaceful" means to achieve unification. Taipei 臺北 responded to this with a "three noes" policy—no contact, no negotiation and no compromise.

Beginning in the 1980s, the ROC underwent political democratization as well as economic liberalization. Since

the lifting of martial law in 1987, Taipei has adopted progressively more open policies toward Beijing, spurring economic, cultural and educational exchanges.

1988-2000: Lee Teng-hui Administration

The administration of President Lee Teng-hui 李登輝 took steps to put the cross-strait relationship on a realistic footing. In 1990, an advisory panel called the National Unification Council 國家統一委員會 was established under the Office of the President 總統府. In February 1991, the council issued the Guidelines for National Unification 國家統一綱領, which affirmed a “one-China principle” and outlined a three-phase approach to unification. The first phase called for the mainland to democratize and carry out economic reform.

In May of the same year, President Lee announced the termination of the Period of National Mobilization for Suppression of the Communist Rebellion 動員戡亂時期, inferring that the ROC government no longer looked upon the CCP and its mainland government as seditious organizations that must be suppressed, and indirectly acknowledging the reality that the two were on an equal footing.

In 1991, the Cabinet-level Mainland Affairs Council (MAC) 行政院大陸委員會 was founded to serve as the official agency responsible for the nation’s cross-strait policies. At the same time, the semi-official Straits Exchange Foundation (SEF) 海峽交流基金會 was set up under the direction of the MAC with the mission of negotiating agreements and consulting on technical and practical matters with mainland authorities. In addition, laws and regulations were enacted or amended to facilitate economic and cultural interaction with the mainland.

The establishment of the SEF and, soon thereafter, its mainland Chinese counterpart, the Association for Relations Across the Taiwan Straits (ARATS) 海峽兩岸關係協會, signaled the realization in both Taipei and Beijing that,

despite continuing mutual non-recognition of each other's legitimacy, it was imperative to begin interacting on a basis of mutual respect. The semi-official nature of the SEF and ARATS allows the two governments to negotiate practical issues without affirming the sovereign status of the other side.

In October 1992, the SEF and ARATS held preparatory talks in Hong Kong—the first time authorized representatives of the Taipei and Beijing governments had done so—but failed to progress when the mainland raised the issue of “one China.” Ultimately, both sides reached an understanding via subsequent facsimiles and communication that their talks were premised on the assumption that there exists only one China, while agreeing to differ on its precise political definition. To Taipei, the “1992 consensus” means that there is only one China and that one China refers to the ROC. Based on the 1992 consensus, institutionalized talks were held in Singapore in 1993, turning a new page on cross-strait relations.

To protest the United States' decision to allow President Lee to visit the country in June 1995, the mainland indefinitely postponed further SEF-ARATS negotiations that had been scheduled for July 1995 in Beijing. That same month, tensions escalated when mainland armed forces test-fired missiles into waters off the coast of Taiwan. In the run-up to the ROC's first direct presidential election in March 1996, Beijing intensified military exercises in the Taiwan Strait region, once again shooting missiles into Taiwan's coastal waters.

In October 1998, the SEF and ARATS resumed talks in Shanghai but made no progress on substantive issues. In July 1999, Beijing once again suspended talks in protest against President Lee's characterization of cross-strait ties as a “state-to-state relationship or at least a special state-to-state relationship” during an interview with Deutsche Welle, a German radio station. CCP leaders claimed that his assertion of the existence of “two Chinas” was tantamount to a declaration of “Taiwan independence.”

Despite the failure of cross-strait talks to build on the initial successes of 1992 and 1993, the ROC government

gradually eased restrictions on the movement of people, goods, capital and technology from Taiwan to mainland China.

2000-2008: Chen Shui-bian Administration

In 2000, Chen Shui-bian 陳水扁 of the Democratic Progressive Party (DPP) 民主進步黨 was elected president and was re-elected in 2004. The DPP-led government refused to affirm the existence of a “one China” or the desirability of pursuing unification. It insisted that although any form of future relationship could be discussed, no advance agreement on any specific future relationship could be a precondition for conducting talks.

In his first inaugural address, however, President Chen pledged not to initiate any move—such as pushing to adopt a new official name for the nation—that might be interpreted as altering the status quo. On several occasions, he urged Beijing to cooperate in establishing a “peace and stability framework.”

The Chen administration took a number of further measures that demonstrated Taiwan’s good will:

- Relaxed restrictions on imports from the mainland, mainland-bound investment, and the functions and scope of offshore shipping centers.
- Permitted journalists from the mainland to visit Taiwan (although this privilege was later withdrawn).
- Opened Taiwan to visits by people of the mainland who lived in, or first traveled to, a third country.
- Negotiated cross-strait charter flights for ROC citizens during holidays and for humanitarian purposes.
- Authorized Taiwan-based financial institutions to open liaison offices in the mainland.

At the time, cross-strait shipping and movement of people from Taiwan to the mainland had to make inconvenient, expensive detours through Hong Kong or third countries. With booming growth in cross-strait trade and visits of Taiwanese businesspeople and tourists to the

mainland, the Chen administration called for a resumption of cross-strait negotiations, with a priority on signing agreements to open up “three links” 三通—direct transportation of people and goods as well as direct postal service and commercial transactions. Beijing rejected this overture to resume the cross-strait dialogue, however, insisting that this would be possible only if the Chen administration affirmed that Taiwan and the mainland constitute a single China and must eventually be unified.

In the face of the impasse in negotiating the establishment of direct links, President Chen early in his first term unilaterally approved the opening of direct seaborne passenger transportation for ROC citizens on ROC-registered boats between the Kinmen and Matsu islands and a number of mainland seaports. With no objection forthcoming from Beijing, this arrangement—known as the “mini three links” 小三通 although it did not involve postal or commercial transactions—began on January 1, 2001.

The Beijing authorities continued to expand military deployments opposite Taiwan throughout the eight years of the Chen administration. Large-scale military exercises simulating attacks on Taiwan also continued to be held annually. Meanwhile, Beijing maneuvered to block Taipei’s participation in international forums and to hinder its diplomatic endeavors.

On March 14, 2005, the Beijing government enacted an “anti-secession law,” which authorizes the People’s Liberation Army to use “non-peaceful means” to achieve cross-strait unification should Taiwan’s people attempt to “secede” from the PRC. In response, President Chen issued a six-point statement, stressing that Taiwan’s sovereignty belongs only to its 23 million people, and that any law calling for violation of the basic rights and interests of others was a setback for human civilization.

A year later, in February 2006, President Chen declared that the Guidelines for National Unification had “ceased to apply” because they had been drawn up by an ad hoc presidential commission in the days before citizens had the right to elect their leader and make their voices effectively

heard. Moreover, the framers of the guidelines had premised them on a “one-China principle” and the presumption of eventual unification without consulting the people of Taiwan.

2008-Present: Ma Ying-jeou Administration

Relations between Taiwan and mainland China have warmed since President Ma Ying-jeou 馬英九 took office in May 2008. In his first inaugural address, Ma enunciated the imperative of maintaining the status quo during his term of office under the framework of the ROC Constitution. This means no unification talks with the mainland, no pursuit of Taiwan independence and no use of force to settle sovereignty issues. He also called upon the two governments to “face reality, pioneer a new future, shelve disputes and pursue win-win solutions.”

Immediately after taking office, the Ma administration moved to reactivate SEF-ARATS negotiations that had been in hiatus for a decade. The historic first round of talks, held in June 2008 in Beijing, produced the first cross-strait agreements in 15 years. The second round, held five months later in Taipei, marked the first time a mainland Chinese negotiating team had come to Taiwan.

As of June 2014, 10 rounds of talks had been held, producing 21 formal agreements, three memoranda of understanding (MOU) and two joint statements (see table “SEF-ARATS Talks and Agreement Topics”). The agreements address the economic interests and general welfare of people on both sides of the Taiwan Strait without touching on sovereignty issues.

Meanwhile, in mid-2010, Taiwan and mainland China’s Hong Kong Special Administrative Region established the Taiwan-Hong Kong Economic and Cultural Cooperation Council (THEC) 財團法人臺港經濟文化合作策進會 and the Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council (ECCPC) 港台經濟文

SEF-ARATS Talks and Agreement Topics

First Round, June 12, 2008 (Beijing)

- Cross-strait charter flights (commenced July 4, 2008)
- Direct travel of mainland tourists to Taiwan (started July 18, 2008)

Second Round, November 4, 2008 (Taipei)

- Direct cross-strait maritime shipping
- Direct cross-strait postal service
- Mechanism for consultation on food safety
- Expansion of charter flights

Third Round, April 26, 2009 (Nanjing)

- Regularly scheduled passenger and cargo flights (flights increased from 108 to 270 per week)
- Financial cooperation in currency management, joint supervision of financial industries (three subsequent MOUs came into effect January 16, 2010)
- Judicial mutual assistance, combating crime
- Joint statement of understanding on allowing mainland investment in Taiwan

Fourth Round, December 22, 2009 (Taichung)

- Agricultural product inspection, quarantine procedures
- Product quality standards (metrology, testing, certification, accreditation)
- Labor standards, rules regarding fishing boat crews

Fifth Round, June 29, 2010 (Chongqing)

- Liberalization, facilitation of cross-strait trade in goods, services (ECFA)
- Intellectual property rights protection, cooperation

Sixth Round, December 21, 2010 (Taipei)

- Medical, health cooperation (control of communicable diseases; medical and pharmaceutical R&D, safety management; emergency treatment of each other's citizens)

Seventh Round, October 20, 2011 (Tianjin)

- Nuclear power safety cooperation (nuclear plant safety exchanges, emergency mechanisms, radiation monitoring)

Eighth Round, August 8, 2012 (Taipei)

- Investment promotion and protection (fair treatment, loss compensation, dispute mediation, contact mechanisms)
- Joint statement on investors' personal safety protection
- Customs cooperation (reduction of non-tariff barriers, compliance with international standards, facilitation of customs clearance)

Ninth Round, June 21, 2013 (Shanghai)

- Cross-strait trade in services (opening of business, communication, construction, distribution, environment, finance, welfare, tourism, recreation, transport and other sectors)

Tenth Round, February 27, 2014 (Taipei)

- Meteorological cooperation
- Seismological monitoring cooperation



■ Mainland Affairs Council Minister Wang Yu-chi (left) meets with his mainland counterpart Director Zhang Zhijun of the Taiwan Affairs Office in Nanjing in February 2014, marking a significant breakthrough in cross-strait relations. (Courtesy of the Mainland Affairs Council)

化合作協進會 as platforms for fostering closer economic and cultural ties.

In July 2011, the ROC representative office in Hong Kong, formerly called the Chung Hwa Travel Service 中華旅行社, was renamed the Taipei Economic and Cultural Office in Hong Kong, reflecting an enhancement of its functional status and its ROC personnel's diplomatic privileges. That same month, the name of the ROC representative office in Macau was changed from the Taipei Economic and Cultural Center to the Taipei Economic and Cultural Office in Macau. Further, the governments of Hong Kong and Macau also established representative offices in Taipei in December 2011.

Other major interactions include Taiwan's signing of an MOU in 2011 on banking supervisory cooperation with Hong Kong, a 2011 air services arrangement with Hong Kong, and a new flight agreement with Macau in early 2014.

Cross-strait ties turned a new page on February 11, 2014 when MAC Minister Wang Yu-chi 王郁琦 led a delegation to Nanjing and met with his mainland counterpart Zhang Zhijun 張志軍, director of the Taiwan Affairs Office (TAO) 國務院臺灣事務辦公室, marking the highest-level government-to-government talks between Taiwan and mainland China since 1949. During the meeting, the MAC and TAO agreed to open a regular channel of communication to discuss major issues deriving from cross-strait interactions. Taiwan and the mainland also agreed to grant customs clearance privileges to related personnel to facilitate their entry and exit from each other's territory.

Expanding Exchanges

In addition to the negotiation of agreements, since May 2008 central and local governments have implemented a number of measures to expand private, commercial and semi-official exchanges across the strait and promote people-to-people interactions, all with an aim to enhance mutual understanding and facilitate regional peace and prosperity.

Economic Cooperation

On the economic front, the regulatory cap on Taiwan-based companies' investments in mainland China has been raised from 40 percent to 60 percent of their net worth. Further, a number of new regulations have been promulgated in line with the April 2009 joint statement on allowing mainland investment in Taiwan.

On August 31, 2012, Taiwan and mainland China signed the Memorandum on Cross-strait Currency Clearing Cooperation 海峽兩岸貨幣清算合作備忘錄. Taking effect in October the same year, the memorandum allows Taiwanese institutions to offer yuan-denominated settlement services and will pave the way for collaboration on a currency swap mechanism.

Supervisory cooperation mechanisms for different financial sectors have been set up by Taiwanese and mainland authorities. In the securities and futures market, the first



Cross-Straits Economic Cooperation Framework Agreement

Signed by the SEF and ARATS on June 29, 2010, the Cross-Straits Economic Cooperation Framework Agreement (ECFA) 海峽兩岸經濟合作架構協議 was ratified by the Legislative Yuan (Legislature) 立法院 in August 2010 and came into force the following month.

The primary aim of the ECFA is to facilitate systematization and liberalization of trade and economic relations across the Taiwan Strait. It calls for the progressive elimination or reduction of tariffs on most goods as well as the opening of the service sector to investment and competition. Under the agreement's early harvest program, tariffs on 539 Taiwan-made products and 267 mainland goods were reduced in three stages, becoming completely eliminated as of January 2013.

In January 2011, the two sides established the Cross-Strait Economic Cooperation Committee (ECC) 兩岸經濟合作委員會 as a platform for conducting follow-up negotiations on the ECFA. Six working groups under the committee handle consultations on trade in goods and services, investment, dispute settlement, industrial cooperation and customs cooperation. As of the end of 2013, the ECC had met five times, assessing the progress of the ECFA's implementation, exploring cooperation in various industries, forming responses to the global economic downturn, discussing strategies for expanding international markets, and laying the groundwork for reciprocal trade offices.

meeting of the Cross-strait Securities and Futures Supervisory Cooperation Platform 兩岸證券期貨監理合作平臺 was held on January 29, 2013 in Taipei, where the two sides reached several decisions concerning market access and the two-way flow of capital. The two sides also exchanged views on listing well-performing mainland-incorporated Taiwanese companies on Taiwan's bourse.

For the banking sector, the Cross-strait Banking Supervisory Cooperation Platform 兩岸銀行監理合作平臺 was created in April 2011 to implement the Cross-strait Financial Cooperation Agreement 海峽兩岸金融合作協議 and the MOU on banking supervision between Taiwan and mainland China, both signed in 2009. Under the platform, three meetings had been held as of June 2014 reaching consensus on allowing banks from either side to open branches in each other's territory, as well as the types of businesses the banks may engage in. The two sides also agreed to meet regularly to exchange views on market access, banking operations and supervisory regulations.

For the insurance market, the first Cross-strait Insurance Supervisory Cooperation Meeting 海峽兩岸保險監理合作會議 was held in Taipei on October 17, 2013. Among the consensuses reached, the two sides agreed to facilitate market entry by simplifying application procedures for setting up representative offices and branches and for making equity investments; hold meetings on a regular basis; and carry out a wide range of cooperation in insurance claims and loss prevention, insurance fraud prevention, and compilation of an English-Chinese insurance dictionary.

Cross-strait Movement of People

Cross-strait movement of people has increased rapidly since the ROC government began allowing private visits to mainland China in 1987. Group tourists from the mainland were also allowed to travel directly to Taiwan beginning 2008. In 2013 alone, ROC citizens made 5.16 million visits to the mainland (excluding Hong Kong and Macau) while mainland Chinese made 2.84 million visits to Taiwan.

The ROC's semi-official Taiwan Strait Tourism Association (TSTA) 臺灣海峽兩岸觀光旅遊協會 opened an office in Beijing in May 2010. Its primary mission is to expand channels of communication and cooperation with government agencies, private companies, media organizations and Taiwanese business associations on the mainland. That



■ A TransAsia Airways plane from Taiwan lands to much fanfare at Xuzhou Guanyin Airport in mainland China as it inaugurates the Taipei-Xuzhou route on November 1, 2011. (Courtesy of TransAsia Airways)

same month, the TSTA's mainland Chinese counterpart, the Cross-Strait Tourism Exchange Association 海峽兩岸旅遊交流協會, opened an office in Taipei. The two openings marked the first exchange of semi-official offices between the two sides of the Taiwan Strait since they became separately governed more than six decades ago.

In June 2011, Taiwan opened its doors to independent tourists from three mainland cities—Shanghai, Beijing and Xiamen—for maximum stays of 15 days per visit. This was expanded by 23 more mainland cities over the next three years, bringing the total number of eligible cities to 26 as of June 2014. The daily arrival quota had also increased to 3,000 in 2013. During 2013, solo tourists from the mainland made 522,443 visits.

From 2012 onward, travel for medical checkup and cosmetic surgery also became permitted, with over 90,000 mainland Chinese visiting Taiwan for such purposes in 2013.

Other Liberalization Measures

ROC government prohibitions on visits of its high-level officials to the mainland have been relaxed, while central- and local-government agencies are now permitted to invite mainland officials to visit Taiwan. And amendments to the Act Governing Relations between the People of the Taiwan Area and the Mainland Area 臺灣地區與大陸地區人民關係條例 have bolstered the employment and inheritance rights of mainland spouses, and have reduced the waiting period for acquiring ROC identity cards to six years. In November 2012, the Executive Yuan 行政院 proposed further shortening the waiting period to four years, pending legislative approval.

Ten mainland Chinese media outlets, including Xinhua News Agency 新華社, *People's Daily* 人民日報 and China Central Television 中國中央電視台, are currently allowed to post correspondents in Taiwan. Mainland reporters are allowed to visit for up to three months at a time, extendable for a further three months if necessary, and the number of visiting reporters permitted per media organization has increased to five.

Restrictions on students from mainland China wishing to pursue higher education in Taiwan have been relaxed and their diplomas are now recognized. In August 2010 the Legislative Yuan amended three laws concerning mainland Chinese students to facilitate their enrollment in Taiwan's universities. Soon thereafter, the Ministry of Education organized the Mainland Chinese Joint Admissions Committee 大陸地區學生來臺就學審議會 to administer and oversee programs for mainland students. The first batch of mainland students—928 in total—began studying at universities in Taiwan in September 2011. The number of such students nearly doubled to 1,822 in 2013 as Taiwan recognized diplomas from more mainland colleges and universities, offered scholarships to bright students, expanded recruitment to more provinces, and streamlined the documents and certificates required for mainland students to come to Taiwan.

Looking Forward

For the near future, the ROC's top priorities in cross-strait relations are expanding and deepening exchanges on various levels, setting up reciprocal representative offices, and comprehensively reviewing and amending the Act Governing Relations between the People of the Taiwan Area and the Mainland Area to suit new developments.

With ongoing talks on further agreements, economic and cultural ties between Taiwan and mainland China can be expected to steadily mature. However, as the mainland's military buildup has continued unabated, Taiwan will continue to make necessary upgrades to its defense capabilities.

In view of the impossibility of resolving cross-strait issues overnight, the ROC government will endeavor to maintain the status quo while cultivating harmonious relations step by step through negotiation and cooperation.



RELATED WEBSITES

- ▶ Mainland Affairs Council: <http://www.mac.gov.tw>
- ▶ Straits Exchange Foundation: <http://www.sef.org.tw>



5

National Defense





Domestically designed and produced Ching-kuo Indigenous Defense Fighters safeguard Taiwan's airspace. (Courtesy of Military News Agency)



Strategic Importance

Taiwan is located between Japan and the Philippines at the center of the nearest chain of archipelagos to the coast of the East Asian continental mainland and sits astride two of the region's most important sea traffic channels, the Taiwan Strait and the Bashi Channel. The island therefore is key to world maritime geo-strategy and pivotal to stability in the Asia-Pacific. Taiwan aims to take advantage of this strategic importance to cooperate with neighboring countries to prevent regional conflicts and pursue mutual economic prosperity.

Military Threat

Sovereignty disputes between the two sides of the Taiwan Strait have persisted since 1949, when the government of the Republic of China (ROC) moved from mainland China to Taiwan and the Chinese Communist Party established its government in Beijing.

Despite the easing of tensions following cross-strait economic talks and various forms of cooperation in recent years, Beijing still constitutes a major military threat to the ROC's national security. It has not renounced the use of force to settle sovereignty disputes; in 2005, it even enacted the so-called Anti-Secession Law in an attempt to give itself a legal basis to settle the sovereignty issue through non-peaceful means.

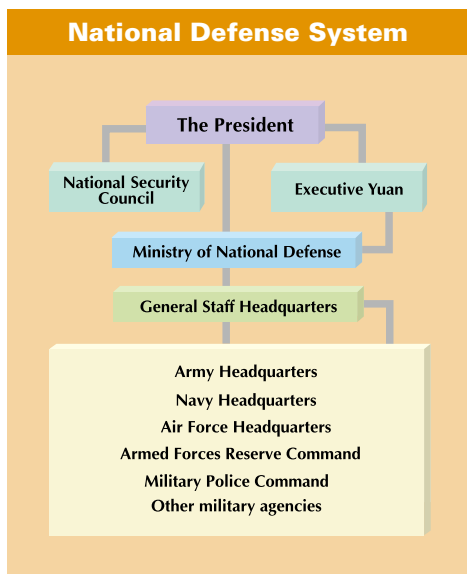
Mainland China's military buildup has continued unabated and poses an imminent threat against the ROC. Over 1,300 of its ballistic and cruise missiles are targeted at Taiwan. Hundreds of combat aircraft and warships are routinely deployed along the southeastern coast of mainland China, directly facing the Taiwan Strait. Espionage is also ceaselessly employed against Taiwan through human intelligence and technical means.

Defense Posture

The ROC Armed Forces maintain strong capabilities as a credible deterrent to defend Taiwan's democratic society from

aggression and to promote peace and prosperity in the Asia-Pacific. To that end, the ROC government is committed to upgrading the nation's defense capabilities in a timely manner. It does so by making essential purchases of military hardware and by enhancing the nation's self-reliance in defense-related research and development (R&D) and manufacturing.

International security cooperation is also an important aspect of ROC defense policy. Forms of collaboration include technical exchanges, sharing of intelligence, training of foreign military personnel in Taiwan and training of ROC military personnel in other countries.



Source: Ministry of National Defense

National Defense Reports

In compliance with the National Defense Act 國防法, the Ministry of National Defense (MND) annually publishes the *Report on Mainland China's Military Forces* 中共軍力報告書, *Five-year Force Construction Plan of the ROC Armed Forces* 中華民國五年兵力整建 and *Administration Plan* 施政計畫報告. The MND submits these three documents, together with its budget proposals, to the Legislative Yuan (Legislature) 立法院 for review. The MND also publishes the *National Defense Report* (NDR) 國防報告書 biennially and submits a *Quadrennial Defense Review* (QDR) 四年期國防總檢討 to the Legislature within 10 months after each presidential inauguration to inform the public of the government's defense policies. The latest QDR was published in March 2013, and the latest NDR was released in October of the same year.

Command Structure

As stipulated by the ROC Constitution and the National Defense Act, the president is the commander-in-chief of the armed forces, empowered to give direct orders to the minister of national defense. The defense minister, in turn, gives orders to the chief of the general staff 參謀總長 for execution.

The president also serves as the chairman of the National Security Council (NSC) 國家安全會議. The NSC is mandated to make recommendations for the president's reference in decision-making on matters critical to the national interests. The NSC members include the nation's vice president, premier, heads of key ministries, chief of the general staff, NSC secretary-general and director-general of the National Security Bureau 國家安全局, which is under the NSC.

For most administrative matters in peacetime, the MND makes recommendations to the Executive Yuan 行政院—headed by the Premier—which finalizes decisions and supervises policy implementation. The Legislative Yuan is empowered to request MND officials to attend committees and plenary sessions, and it can also influence defense policies by modifying the Cabinet's budget proposals.

Armed Forces

The Armed Forces are scheduled to be streamlined from 275,000 members to 215,000 by the end of 2014. The nation's defense budget for that year was NT\$311.10 billion (US\$10.25 billion), 16.24 percent of the general budget of the ROC central government.

The Army is an agile land-based defense force and safeguards areas of strategic importance. The Navy conducts maritime patrols to maintain security in the ROC's territorial waters. It also coordinates with the Army and the Air Force to counter enemy maritime blockades or attacks to secure Taiwan's sea lines of communication. The Air Force's primary mission is to safeguard the nation's airspace and provide early warning and aerial surveillance. These branches have bases around Taiwan and on offshore islands.

Additional units of the Armed Forces that play combat roles include the Air Defense Missile Command 防空飛彈指揮部 and the Information and Electronic Warfare Command 資電作戰指揮部 of the General Staff Headquarters 國防部參謀本部. Other military organizations that play essential support roles include the Army Logistics Command 陸軍後勤指揮部, the Reserve Command 後備指揮部 and the Military Police Command 憲兵指揮部.

While the Armed Forces' primary mission is to protect the nation from external aggression, another role entrusted to them, pursuant to amendments to the Disaster Prevention and Protection Act 災害防救法 enacted in August 2010, is to perform rapid-response rescue and relief operations in times of natural disaster.

Weapon System Upgrades

Since the administration of President Ma Ying-jeou 馬英九 took office in May 2008, the U.S. government has approved sales of weapons worth about US\$6.4 billion in 2008 and 2010 and sales worth over US\$5.8 billion in 2011 to update the ROC's defensive capabilities. The latter package covers the upgrading of the ROC Air Force's F-16A/B retrofit program, including pilot training and the sale of spare parts. The ROC will continue to obtain advanced weapon systems from the U.S. and other countries to maintain the military balance across the Taiwan Strait.

Defense Industry

Defense procurement is being conducted in tandem with development of the domestic defense industry. The National Defense Act mandates that priority be given to acquisition of domestically manufactured equipment. It further requires that, insofar as possible, procurements from abroad be tied to technology transfers. Domestic defense-related enterprises and institutions have a high

degree of technological sophistication in the areas of aviation, missilery, electronics and materials technologies.

The National Chung-shan Institute of Science and Technology (CSIST) 國家中山科學研究院 is Taiwan's leading institution for defense R&D, engaging in the development, management and integration of advanced weapon systems. Among those that have been deployed are Sky Bow I and II surface-to-air missiles 天弓飛彈, Sky Sword I and II air-to-air missiles 天劍飛彈 and Hsiung Feng I, II and III anti-ship missiles 雄風反艦飛彈. The CSIST's unmanned aerial vehicles saw their first service in 2012.

The state-owned Aerospace Industrial Development Corp. (AIDC) 漢翔航空工業股份有限公司 is internationally recognized as a top-quality manufacturer and is highly regarded for its R&D in the field of aviation. It designed and produced the Ching-kuo Indigenous Defense Fighter 經國號戰鬥機, which has been one of the mainstays of the ROC Air Force's fleet since the late 1990s, as well as other fighter jets. Prior to the development of the Ching-kuo fighter, the AIDC coproduced the F-5E/F Tiger II with U.S.-based Northrop Grumman Corp. In addition to its military businesses, currently the AIDC is collaborating with Boeing, Airbus and other global major aircraft manufacturers on civilian aircraft.

Personnel and Service System

There are two categories of national defense personnel: civilian and military. Civilian personnel are recruited through national examinations and a more flexible open selection process, while military personnel are inducted through conscription or voluntary examination and recruitment.

Currently, all healthy male citizens of the ROC who satisfy the Armed Forces' physical fitness standards are obligated to complete a term of military service at the earliest available opportunity between January 1 of the year after the calendar year in which they turn 18 years old and December 31 of the year of their 36th birthday. Senior high school, vocational school and university students can defer military service until graduation.



Raising Salaries for Volunteer Soldiers

In order to encourage citizens to enlist for military service in greater numbers and serve longer terms, the monthly pay for noncommissioned officers and enlisted soldiers who volunteered for service has been raised by NT\$2,000 to NT\$4,000 (US\$66 to US\$132), effective January 1, 2014. Monthly supplements for volunteers serving on certain outlying islands have also been raised, from NT\$12,360 (US\$407) for class 1 (Nansha Islands 南沙群島) and NT\$9,790 (US\$322) for class 2 areas (such as Dongsha 東沙, Dadan 大膽 and Erdan 二膽 islands) to NT\$20,000 (US\$659) for class 1 and NT\$12,000 (US\$395) for class 2 areas, respectively.

Plans to adjust special pay for duty for combat troops, retention bonuses and other items will be reviewed at a later time on the basis of enlistment numbers and the government's financial situation.

At present, all draftees are eligible to apply for substitute service positions in lieu of military service, as provided for in the Enforcement Statute for Substitute Services 替代役實施條例 of 2007. Following a short period of basic military training, those admitted to the program are placed in positions according to their interests and skills.

Substitute service falls into two categories: general and R&D. Draftees who opt for general substitute service can serve in a wide variety of positions, including security guard, firefighter, social worker, medical personnel and overseas humanitarian project worker. Draftees performing R&D substitute service must have at least a master's degree and have to work for three years at Ministry of the Interior-approved government institutions, public or private research centers or universities.

Since 2008, the period of compulsory military service of draftees who were born before 1993 has been 12



■ Rookies receive basic training at the military training center Cheng Kung Ling (whose name means Success Hill) to become capable soldiers. (Courtesy of Military News Agency)

months. Beginning in 2013, male citizens born in or after 1994 are only required to receive four months' basic military training and then become reserve forces.

In order to build a modern armed force, the MND is seeking to increase the number of volunteer personnel year by year with the goal of having an all-volunteer military by the end of 2016. Additional salary, benefit, recruitment and retention measures are planned to further encourage enlistment and long-term service.

Military Education

There are separate education systems for commissioned and noncommissioned officers. Students who

receive undergraduate degrees from college-level academies are on track to become the former, while those who wish to begin active service after graduating from senior high school-level academies become the latter. Education for commissioned officers is categorized into three different levels—basic, intermediate, and advanced—with qualification depending on one’s rank.

Throughout their careers, ROC professional soldiers are provided with abundant opportunities—and, in some instances, are required—to undergo supplementary in-service education and training to hone their skills and leadership capabilities.

The MND is striving to improve the military education system and prepares selected officers from each service to study abroad at strategy institutes, staff and command colleges, and various think tanks around the world. National Defense University 國防大學 also designs and provides diversified classes on strategic planning, operations, command and disaster relief in order to enhance future commanders’ capabilities.



Supporting National Security

In addition to military preparedness, the administration of President Ma Ying-jeou places importance on the following three pillars of national defense:

- Institutionalizing cross-strait relations and cooperation in fields of practical concern such as trade, investment and combating crime with the aim of promoting mutual understanding and maintaining peace.
- Boosting Taiwan’s contributions to international development and demonstrating its value to the global community through economic activities and humanitarian programs.
- Aligning defense concerns with diplomacy through measures such as fostering multilateral cooperation.

Homeland Security

In addition to combat preparedness, the ROC government attaches great importance to other aspects of homeland security. These include preventing terrorist attacks; gathering and sharing intelligence with friendly nations; managing the country's borders; protecting critical infrastructure; maintaining operations of essential public- and private-sector functions in times of crisis; safeguarding cyber security; and assisting in emergency response and management.

A series of air-raid practice and disaster shelter drills (the All-out Defense Mobilization exercises 萬安演習) have been held annually for over three decades to buttress the abilities of local governments to coordinate with the military not only in times of war but also in the event of a natural disaster, nuclear accident or any other incident impacting citizens' security. The Han Kuang exercise 漢光演習, a military exercise which includes live-fire military



■ The Han Kuang No. 29 military exercise, which took place in April 2013 on the outlying Penghu Islands, featured a live-fire exercise during a simulation of an attack by mainland China. (Courtesy of Military News Agency)

exercises and computer-simulated war games, is held annually to enhance training for joint operations among the three branches of the Armed Forces and raise their overall fighting capabilities and preparedness.

The Armed Forces closely cooperate with the Executive Yuan's Office of Disaster Management 行政院災害防救辦公室. The Executive Yuan's Office of Homeland Security 行政院國土安全辦公室 works to integrate domestic emergency response mechanisms such as communicable disease control and counterterrorism measures. Meanwhile, the Coast Guard Administration 行政院海岸巡防署, which is independent of the Armed Forces, is implementing the An Hai Project 安海專案 to crack down on the smuggling of goods and trafficking of arms, drugs and persons.



RELATED WEBSITES

- ▶ Ministry of National Defense: <http://www.mnd.gov.tw>
- ▶ National Security Bureau: <http://www.nsb.gov.tw>
- ▶ National Chung-shan Institute of Science and Technology: <http://www.csistdup.org.tw>
- ▶ Aerospace Industrial Development Corp.: <http://www.aidc.com.tw>
- ▶ Coast Guard Administration: <http://www.cga.gov.tw>



6

Economy & Finance





The state-of-the-art Pingtung Agricultural Biotechnology Park was recently designated as one of Taiwan's free economic pilot zones. The Executive Yuan launched the FEPZ plan in 2013 with a view to transforming Taiwan into a free economic island and accelerating its integration into the regional economy. (Courtesy of the PABP)



National Competitiveness

Taiwan continued to play a dynamic role in the global economy in 2013. According to World Trade Organization statistics, it was the world's 20th-largest exporter and 18th-largest importer of merchandise, while ranking No. 26 and No. 30 in the export and import of commercial services, respectively. One of the most powerful players in the global information and communications technology (ICT) industry, it is also a major supplier of other goods across the industrial spectrum, from chlorella health food supplements to powered wheelchairs.

A key factor underpinning such performance is the Republic of China (ROC) government's formulation of policies to foster development and sustain the nation's economic competitiveness by promoting investment in human resources, research and development (R&D) and industrial upgrading as well as other initiatives aimed at creating advantages for its economy. For such reasons, and because of its enterprises' strong entrepreneurial spirit, Taiwan's business and investment environments have consistently been ranked as superior by well-regarded economic research organizations (see Appendix I "Global Survey Rankings").

GDP Profile

Taiwan's economy grew slower than expected in the first three quarters of 2013 mainly due to weaker export momentum, as well as reduced private consumption resulting from stagnant income growth. However, the mood brightened in the last quarter thanks largely to growing export demands and strong stock market performance. On the whole, Taiwan's economy grew 2.09 percent, faster than the 1.48 percent posted in 2012. In nominal terms, gross domestic product (GDP) rose to US\$489.13 billion, or US\$20,952 per capita, in 2013.

In 2013, export value increased 1.4 percent year-on-year, while import value declined by 0.2 percent. Trade surplus registered a historic high of US\$35.54 billion, an increase of 15.7 percent from the previous year. Electronic products led exports for much of the year.

2013 Macroeconomic Indicators

GDP (nominal)	US\$489.13 billion
GDP per capita (nominal)	US\$20,952
GDP per capita (ppp – IMF)	US\$39,767
GDP growth ¹	2.09%
Labor participation rate	58.43%
Unemployment rate (average)	4.18%
Unemployment rate (end of year)	4.08%
Consumer price index (average change)	0.79%
Wholesale price index (average change)	-2.43%
Exports	US\$305.44 billion (up 1.4%)
Imports	US\$269.90 billion (down 0.2%)
Balance of trade	US\$35.54 billion surplus
Foreign exchange reserves (end of year)	US\$416.81 billion
Registered inward investment ²	US\$4.93 billion
Registered outward investment ³	US\$5.23 billion
Registered investment from mainland China	US\$360.88 million
Registered mainland China-bound investment	US\$8.68 billion
4th-largest holder of foreign exchange reserves	
20th-largest exporter of merchandise	
18th-largest importer of merchandise	

¹ Based on 2006 constant prices

² Excluding investment from mainland China

³ Excluding mainland China-bound investment

Sources: Directorate-General of Budget, Accounting and Statistics, Executive Yuan; Ministry of Economic Affairs; Central Bank of the Republic of China (Taiwan); World Trade Organization

Strong private spending helped by high stock returns in the fourth quarter of 2013 overcame tepid performances of earlier quarters to boost private consumption growth to 2.02 percent for the year, up by 0.40 percentage points from 2012. Government spending, meanwhile, fell 0.33 percent as cutbacks on regular expenditures continued.

After two consecutive years of decline, private fixed investment rebounded and rose 6.67 percent in 2013 mainly because semiconductor manufacturers and cloud computing companies increased capital investments in response to rising global demand for electronic consumer products. On public investments, following the decrease of the central government's special budget, government investment declined by 5.69 percent. Meanwhile, investments made by public enterprises rose 4.02 percent.

Composition of GDP by Sector in 2013

Sector of Economy	Share of GDP ¹ (%)	Annual Change in GDP Share (percentage point)	Annual Change in Output Value ² (%)
Agriculture	1.68	-0.10	-2.47
Industry	30.00	0.92	6.21
Manufacturing	24.85	0.48	4.99
Construction	2.89	0.04	4.23
Electricity, natural gas, water supply and pollution remediation services	1.84	0.30	22.73
Mining and quarrying	0.42	0.10	37.26
Services ³	68.32	-0.82	1.72
Wholesale and retail trade	18.48	-0.42	0.62
Finance, insurance and real estate	15.27	0.04	3.21
Public administration and defense	7.04	-0.34	-1.71
Transportation and storage	2.97	-0.10	-0.39
Other ⁴	24.56	-0.00	2.94

¹Statistical discrepancy not included

²Based on New Taiwan dollar data

³Including import duties and value-added tax

⁴Other services include accommodation and food; information and communication; professional, scientific and technical services; support services; education; human health and social work; arts, entertainment and recreation; and miscellaneous.

Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan

Small and Medium-sized Enterprises

Small and medium-sized enterprises (SMEs) continue to make up the backbone of the economy. According to the Ministry of Economic Affairs (MOEA), SMEs in Taiwan numbered about 1.33 million at the end of 2013, accounting for 97.64 percent of all enterprises.

Considering SMEs' important role in the upstream value chains supporting larger-scale enterprises' production and exports, the ROC government is encouraging the development of new technologies and products by SMEs under the Small Business Innovation Research Program 小型企業創新研發計畫, which offers subsidies covering up to 50 percent of

their R&D costs. The Small and Medium Enterprise Credit Guarantee Fund of Taiwan 中小企業信用保證基金, which provides guarantees for bank loans to businesses, was also expanded to NT\$1.30 trillion (US\$43.67 billion) in 2013.

As part of government efforts to help small innovative startups, the GreTai Securities Market (GTSM) 證券櫃檯買賣中心 launched the Go Incubation Board for Startup and Acceleration Firms (GISA) 創櫃板 in January 2014. Nonpublic microenterprises that pass review by the GTSM may list on the board, provided they have capitalization of no more than NT\$50 million (US\$1.65 million). The GISA encourages the public to invest in small businesses and gives creative and high-potential startups greater access to funding needed for their operations.

Central Government Revenues and Expenditures

According to the Directorate-General of Budget, Accounting and Statistics (DGBAS) 主計總處 of the Executive Yuan 行政院, in the 2013 fiscal year, central government revenues increased 3.7 percent from the previous year to NT\$1.73 trillion (US\$58.12 billion), while government expenditures fell by 1.4 percent to NT\$1.86 trillion (US\$62.36 billion). (See pie chart “Final Accounts of FY 2013 Central Government Revenues and Expenditures.”)

Financial Services

Banking

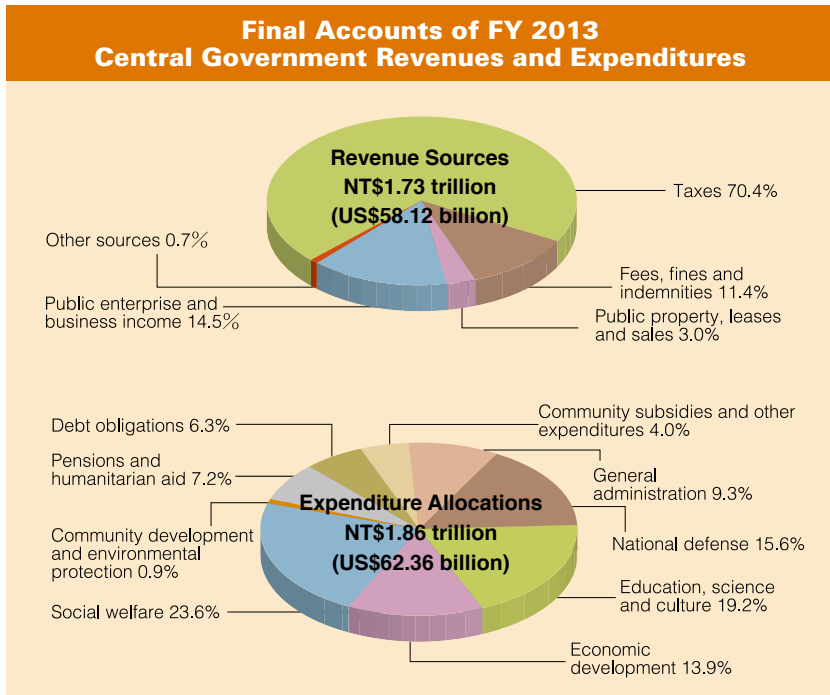
At the end of 2013, there were a total of 406 banking institutions in operation (see table “Structure and NPL Ratios of Banking Sector in 2013”). As of that time, year-on-year, Taiwan’s 39 domestic banks saw their total assets increase by 7.62 percent to NT\$39.06 trillion (US\$1.31 trillion) and their net worth by 7.88 percent to NT\$2.61 trillion (US\$87.67 billion). Over 2013, their deposits expanded 6.11 percent to NT\$26.81 trillion (US\$900.57 billion), while their loans increased 3.09 percent to NT\$20.56 trillion (US\$690.63 billion).

Domestic banks also showed steady improvement in asset quality. At the end of 2013, all had non-performing loan (NPL) ratios of less than 2 percent, with a record-low average of 0.38 percent; their average capital adequacy ratio, meanwhile, was 11.87 percent, well above the regulatory requirement of 8 percent.

As of the end of 2013, domestic banks had established 293 branches and representative offices overseas, mainly in the United States (63), Vietnam (53), the Philippines (28), Hong Kong (26) and mainland China (21).

Insurance

According to global reinsurer Swiss Re's *Sigma* study released in 2013, Taiwan had the world's highest insurance



Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan

Structure and NPL Ratios of Banking Sector in 2013

Type of Institution	No. of Institutions	No. of Branches	Share of Deposits ¹ (%)	Share of Loans ² (%)	NPL Ratio (%)
Domestic banks	39	3,442	77.75	91.84	0.38
Local branches of foreign and mainland Chinese banks	31	39	0.84	2.49	0.01
Credit cooperatives	24	257	1.72	1.75	0.14
Credit departments of farmers' and fishermen's associations	303	867	4.78	3.91	1.53
Bills finance companies	8	30	---	---	---
Postal savings system	1	1,322	14.90	---	---

¹Total deposits (December 2013): NT\$34.48 trillion (US\$1.16 trillion)

²Total loans (December 2013): NT\$22.39 trillion (US\$752.10 billion)

Sources: Financial Supervisory Commission; Central Bank of the Republic of China (Taiwan)

penetration rate of 18.19 percent in 2012, while its insurance density—or insured amount per capita—reached US\$3,760, the 14th-highest worldwide and the third-highest in Asia. According to the study, the life insurance income of Taiwan's industry was the ninth-largest in the world, whereas its total premium income (including non-life insurance) was the 11th-largest, accounting for 2.77 percent and 1.90 percent, respectively, of the global market in 2012.

As of December 2013, there were 56 insurance companies operating in Taiwan, including three reinsurers, 30 life insurers (six foreign) and 23 non-life insurance firms (six foreign). Insurance industry assets stood at NT\$16.78 trillion (US\$563.79 billion), or 28.91 percent of the financial sector's total assets.

Total insurance premium income increased by 4.22 percent in 2013 to NT\$2.71 trillion (US\$91.03 billion), with life insurance accounting for NT\$2.58 trillion (US\$86.66 billion) and non-life NT\$124.90 billion (US\$4.20 billion), up by 4.24 percent and 3.67 percent, respectively. The insurance premium income received by life insurance operations in 2013 was 20.68 times greater than that received by non-life insurance operations. In

2013, life insurers paid out NT\$1.25 trillion (US\$41.99 billion) in claims, and non-life insurers NT\$61.55 billion (US\$2.07 billion).

Securities

As of December 2013, 838 companies were listed on the Taiwan Stock Exchange (TWSE) 臺灣證券交易所, with total market capitalization of NT\$24.52 trillion (US\$823.65 billion). The total value of shares traded on the bourse in 2013 dropped 6.41 percent from 2012 to NT\$18.94 trillion (US\$636.21 billion), while trading volume rose 2.35 percent to 543.16 billion shares.

The TAIEX, the benchmark index of the TWSE, advanced by 11.85 percent to 8,611.51 points at the end of 2013 from 7,699.50 points at the end of 2012. It then fluctuated during the first half of 2014 to reach 9393.07 points at the end of June.

The over-the-counter GTSM index, meanwhile, rose 25.44 percent from 103.29 points at the end of 2012 to 129.57 points at 2013 year-end, and continued climbing to 153.55 points at the end of June 2014. As of December 2013, the GTSM had 658 companies with market capitalization of NT\$1.79 trillion (US\$60.13 billion).

Foreign institutional and individual investors as well as mainland Chinese QDIIs (qualified domestic institutional investors) bought US\$176.51 billion worth of shares in Taiwan's stock market in 2013, accounting for 33.14 percent of total stock market value. As of December 2013, 28 TWSE-listed companies issued Taiwan Depositary Receipts 臺灣存託憑證 with market value worth NT\$14.37 billion (US\$482.70 million).

Foreign Trade and Investment

Total trade value increased by a mere 0.64 percent year-on-year to US\$575.35 billion in 2013. Exports rose by 1.40 percent to US\$305.44 billion, and imports decreased by

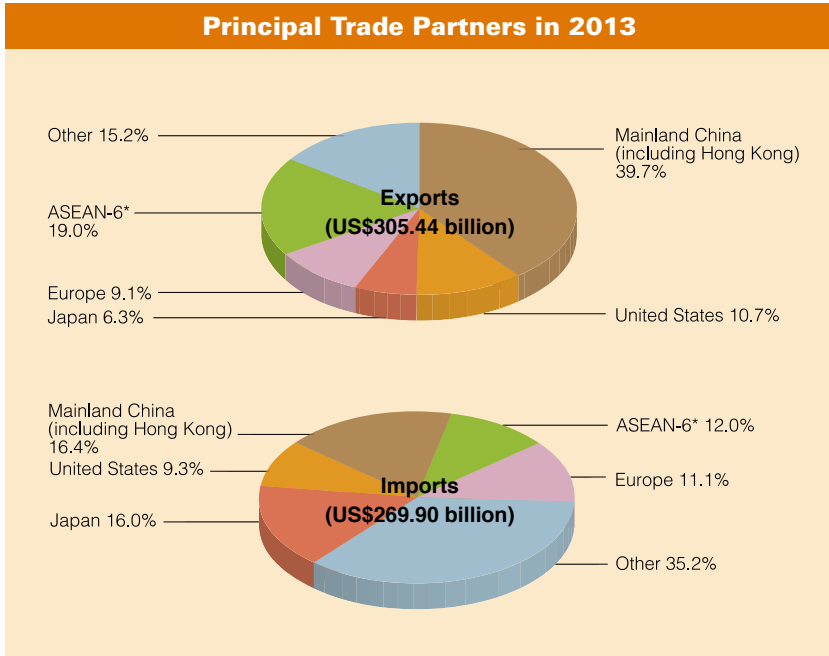
Export Value of Merchandise in 2013			
<i>Merchandise Category</i>	<i>Export Value (US\$ billion)</i>	<i>Annual Change (%)</i>	<i>Percentage of Total Export Value</i>
All categories (total export value)	305.44	1.4	100.00
Electronic products	88.12	5.6	28.8
Basic metals and articles thereof	27.63	-1.6	9.0
Plastics/rubber and articles thereof	24.79	2.5	8.1
Mineral products	23.69	7.3	7.8
Chemicals	21.28	2.3	7.0
Optical instruments	21.01	-3.5	6.9
Machinery	19.76	-1.6	6.5
Information and communications products	14.67	-5.2	4.8
Textile products	11.70	-1.0	3.8
Vehicles, aircraft, vessels and associated transport equipments	11.01	-0.6	3.6
Electric products	10.54	9.5	3.5
Other goods	31.24	---	10.2

Source: Department of Statistics, Ministry of Finance

0.20 percent to US\$269.90 billion. With a trade surplus of US\$35.54 billion, Taiwan ended the year with foreign exchange reserves of US\$416.81 billion, the fourth-largest in the world.

Mainland China (including Hong Kong) remained Taiwan's largest export market in 2013, followed by the ASEAN-6 (six trading partners of the Association of South-east Asian Nations—Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam), the United States, Europe and Japan. Taiwan's top import sources were mainland China (including Hong Kong), Japan, the ASEAN-6, Europe and the United States. Data on Taiwan's principal trade partners and the export value of its merchandise by category in 2013 are listed in the pie chart and table so labeled.

As for the movement of direct investment capital (excluding that to and from mainland China) in 2013, US\$4.93 billion in inbound investment to Taiwan and US\$5.23 billion in outbound investments were officially registered.



*ASEAN-6: Six of the 10 member states of the Association of Southeast Asian Nations—Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam

Source: Department of Statistics, Ministry of Finance

These figures represented decreases of 11.25 percent and 35.39 percent, respectively, over the previous year. Nearly 27 percent of inbound investment went to finance and insurance, 16 percent to electronic component manufacturing and 14 percent to wholesale and retail businesses. Around 29 percent of outbound funds were invested in basic metals manufacturing, 19 percent in mining and quarrying, and 15 percent in finance and insurance.

Regarding investments bound for mainland China, the amount totaled US\$8.68 billion in 2013, with around 21 percent going to finance and insurance, 13 percent to manufacturing of computer, electronic and optical products, and 11 percent to wholesale and retail businesses. Investments from mainland China amounted to US\$360.88 million in 2013, or an aggregate of US\$864.52 million since Taiwan opened

its doors to mainland investors on June 30, 2009. Of the aggregate total, nearly 18 percent was directed to wholesale and retail businesses, 16 percent to port businesses, and 16 percent to banking.

Policy Initiatives

Investment Promotion

Spurring Investment

To make Taiwan a more attractive investment destination for both foreign and domestic interests, the government has focused on removing investment barriers and improving the tax environment. Efforts include amendments to the Company Act 公司法 to simplify procedures for starting businesses and to strengthen corporate governance; reduction of the corporate income tax rate from 25 to 17 percent to relieve the tax burden on enterprises; and the launch of a one-stop service for online application for business registration in May 2011.

The InvesTaiwan Service Center 行政院全球招商聯合服務中心 was set up in August 2010 to match investors with business opportunities, address overseas businesses' operational and investment concerns, and provide customized service. As of April 2014, the center had handled 729 investment cases with capital totaling NT\$116.78 billion (US\$3.85 billion), generating about 22,000 jobs.

The global investment task force has also organized numerous promotional trips overseas and at home, encouraging investment in the areas of biotechnology, medical tourism, cultural and creative industries, smart handheld devices, cloud computing, renewable energy, green construction, electric vehicles, urban renewal, the "Taoyuan Aerotropolis" 桃園航空城, high-tech clusters in central Taiwan and Taiwanese cuisine.

"Bring Home the Money"

As growing numbers of multinational companies are moving production out of mainland China due to the

rising cost of manufacturing there, the Executive Yuan in November 2012 launched a two-year program to woo back Taiwanese firms operating abroad. The program aims to attract investments of NT\$100 billion (US\$3.38 billion) per year, generating total production value of NT\$303.70 billion (US\$10.26 billion) and creating 82,000 jobs locally.

Key incentives offered to overseas Taiwanese firms include relaxed restrictions on foreign worker quotas, lower tariffs on equipment and machinery, business loans, streamlined administrative procedures, worker training support and land acquisition assistance.

Trade Enhancement

Promoting Green Trade

In 2014, the MOEA implemented a second three-year phase of the Green Trade Promotion Project 綠色貿易推動方案 to assist Taiwanese companies in responding to the rising global trend toward green business, specifically by helping them grasp green business opportunities and comply with international green standards, recycling regulations and green procurement standards. The project is being carried out in line with three strategies: (1) offering consulting services; (2) enhancing Taiwan's international competitiveness; and (3) holding promotional activities.

Promoting Most-valued Products in Emerging Markets

In emerging markets around the world, the number of new middle-class consumers is growing faster than ever. To take advantage of the burgeoning opportunities, the MOEA in 2013 implemented a second phase of the Project to Promote Most-valued Products in Emerging Markets 優質平價新興市場推動方案. This three-year project surveys the needs of final goods in emerging markets and helps Taiwanese firms tailor their marketing strategies to the needs of local consumers.

Enhancing the Image of Taiwan's Industries

The Taiwan Industry Image Enhancement Project 臺灣產業形象廣宣計畫 (2014-2016) assists Taiwanese original brand manufacturers in raising brand awareness and preference in 16 markets—Taiwan, the European Union, the U.S., Japan, mainland China, India, Indonesia, Vietnam, the Philippines, Russia, Brazil, the United Arab Emirates, Egypt, Myanmar, Turkey and Mexico. With guidance from the project, more than 100 award-winning Taiwan Excellence 臺灣精品 brands in the ICT and home and living industries are increasing their exposure by introducing innovative, reliable and high-value products. Promotional activities include setting up Taiwan Excellence zones in shopping malls, promoting Taiwan Excellence Collections 臺灣優質產品展售專區 through multiple distribution channels, setting up Taiwan Excellence Pavilions 臺灣精品館 in trade shows, launching digital marketing campaigns, as well as organizing celebrity endorsements, press conferences and press releases.

Industrial Innovation

Increasingly sharp economic competition as well as new opportunities stemming from globalization and the rise of newly industrialized economies have underlined the imperative for Taiwan's businesses to place greater importance on innovation. Among the several measures taken to encourage such efforts is the enactment of the Act for Industrial Innovation 產業創新條例 in 2010. The act offers a tax credit on 15 percent of innovative research expenditures as well as various subsidies over the period 2010 to 2019.

In line with this act, the Executive Yuan promulgated the Guidelines for Industrial Development 產業發展綱領 in May 2011, outlining visions for injecting greater innovation and value into Taiwan's agriculture, industry and services sectors. Accordingly, the MOEA has formulated a plan for upgrading traditional industries across the board; expediting the promotion of emerging industries; as well as developing a service-oriented manufacturing industry and an internationalized, high-tech service industry.

For conventional industries such as shoe and textile manufacturing that have been impacted by mounting competition from emerging economies with low labor and land costs, the MOEA initiated assistance programs in 2010 to facilitate business-academia collaboration, increasing funding, industrial clustering and consultation with public research organizations such as the Industrial Technology Research Institute 工業技術研究院 in order to help businesses switch to manufacture of higher-value products.

To protect intellectual property rights and enable patented innovative products to come to market quickly, the Executive Yuan has established a program to invest NT\$11.80 billion (US\$372.95 million) from 2010 to 2015 to fund a patenting consultation center to promote the commercialization of innovative products.

Youth Employment

Promoting Youth Employment

In 2014, the Ministry of Labor and several other agencies launched a three-year, NT\$14 billion (US\$461.13 million) youth employment plan to develop a young labor force that will raise the nation's competitiveness. Incorporating 64 programs from 11 government agencies, the plan aims to find suitable jobs for 150,000 young people by helping them set career goals, build positive work attitudes, and develop their interests and talents. It also guides businesses in establishing attractive working environments for youths.

Supporting Young Entrepreneurs

The government also helps young people start businesses of their own. A youth startup program initiated by the MOEA in 2014 pools the resources of 48 government programs at 13 agencies to prepare and guide young people through the stages of building a business. Different types of support are available, such as preliminary setup help, business consultation services, financial aid, and R&D assistance.

Between 2014 and 2016, the program will inject NT\$2.72 billion (US\$89.59 million) to encourage youths to engage in new agricultural businesses, cultural and creative industries, and social enterprises, where they can apply their creativity and innovation to build their own brand of business. A young entrepreneurs information platform has also been set up to enable quick access to useful information and resources via smartphones, tablets and other devices.

Services Sector

Under a development initiative unveiled by the MOEA in late 2012, Taiwan's services sector is set to become a major growth driver for the local economy. Commencing in 2013, the eight-year plan will see NT\$30 billion (US\$1.02 billion) invested in 15 strategic industries, including cloud computing, e-commerce, design, digital content, food, health care, logistics, smart automation, as well as meetings, conventions and exhibitions. The ministry forecasts public-private collaboration to drive the output of Taiwan's services industry to NT\$4.75 trillion (US\$160.74 billion) by 2020, creating 166,000 new jobs and bringing the total labor force to 2.78 million.



■ In a historic district of New Taipei City, entrepreneur Jeffrey Lin (second right) founded an art center named “Can” that doubles as a dining space and a venue for craft sales, musical performances and art exhibitions. (Courtesy of *Taiwan Panorama*)

Flagship Programs

Beginning mid-2008, the administration of President Ma Ying-jeou 馬英九 has pushed forward a number of “flagship programs” aimed at promoting sustainable economic development, enhancing the quality of life and improving distribution of wealth in Taiwan.

i-Taiwan 12 Projects

Among them are the *i*-Taiwan 12 Projects 愛臺十二建設, which focus primarily on public infrastructure. Scheduled for completion by 2016 at a projected cost of NT\$3.99 trillion (around US\$135 billion), about one-third of which is expected to come from private investors, the projects include:

Transportation Networks:

- Efficient transportation networks
- Kaohsiung port-city regeneration
- “Aerotropolis” encompassing the Taiwan Taoyuan International Airport (TTIA) 臺灣桃園國際機場

Industrial Innovation:

- High-tech industrial clustering in central Taiwan
- Wireless broadband and digital content industries
- Innovative industrial corridors

Urban and Rural Development:

- Urban and industrial park regeneration
- Farm village rejuvenation

Environmental Protection:

- Coastal regeneration
- Green forestation
- Flood prevention and water management
- Sewer construction

Four Intelligent Industries

Programs have also been launched to expedite the development of four “intelligent” industries, namely, cloud computing, electric vehicles, green architecture and patent commercialization. About NT\$48.74 billion (US\$1.54 billion) in public funding is expected to be spent between

2010 and 2016 to maintain information technology competitiveness, cut carbon dioxide emissions and conserve energy.

Economic Power-Up Plan

In response to ongoing economic challenges at home and abroad, the Executive Yuan on September 11, 2012 announced the Economic Power-Up Plan 經濟動能推升方案 to map new strategies for spurring growth and restructuring industries from 2012 to 2030. Its initiatives are summarized as follows:

- **Promote innovative and diverse industries:** Establish a service-oriented manufacturing industry, an internationalized and high-tech services industry, and a specialty-oriented traditional industry. Turn high-potential SMEs into “backbone enterprises,” and develop cross-strait financial services.



Free Economic Pilot Zones

To expedite Taiwan’s economic liberalization and globalization, the Executive Yuan launched a plan in August 2013 to establish free economic pilot zones (FEPZs) 自由經濟示範區 throughout the nation. As of August 2014, Taiwan’s seven free trade ports—Port of Keelung 基隆港, Port of Kaohsiung 高雄港, Su-ao Port 蘇澳港, Port of Taipei 臺北港, Port of Taichung 臺中港, Anping Port 安平港 and the TTIA—and the Pingtung Agricultural Biotechnology Park 屏東農業生物科技園區 had been designated as FEPZs.

These facilities are promoting five types of business activities: intelligent logistics, international medical care, value-added agriculture, financial services and innovative education. Trade regulations will be relaxed to ease the flow of capital, people, goods and information through the FEPZs. In the second phase, which will begin after the Legislative Yuan (Legislature) 立法院 passes a special act governing the zones, central and local governments may establish more FEPZs, and the zones may be set up on private land through co-development with the government.

- **Develop new export markets:** Explore emerging markets and participate in regional economic integration. Boost exportable services such as tourism and events hosting.
- **Cultivate industry talents:** Reform technical and vocational education to meet industry demands and foster talents specializing in emerging markets. Adjust labor laws and regulations to create a friendly environment for overseas professionals.
- **Spur investments and public construction:** Attract investments in infrastructure projects from the private sector, foreign investors and overseas Taiwanese businesses. Relax investment regulations and simplify procedures for foreign or overseas Taiwanese investors. Design FEPZs, and build a business-friendly environment by improving land, labor and capital conditions.
- **Enhance government efficacy:** Improve government procurement mechanisms, and implement government budget review mechanisms with the DGBAS as the chief oversight agency. Bolster Taiwan's regulatory competitiveness in global trade. Push state-owned enterprises to launch major investment projects.

Regional Economic Integration

Looking ahead, economic policies will focus on the liberalization of Taiwan's trade regime. Aside from normalizing trade relations with mainland China, Taiwan is seeking to participate in regional economic integration and enhancing ties with other trade partners.

Cross-Straits Economic Cooperation Framework Agreement

The Cross-Straits Economic Cooperation Framework Agreement (ECFA) 海峽兩岸經濟合作架構協議 took effect on September 12, 2010, constituting a milestone in the

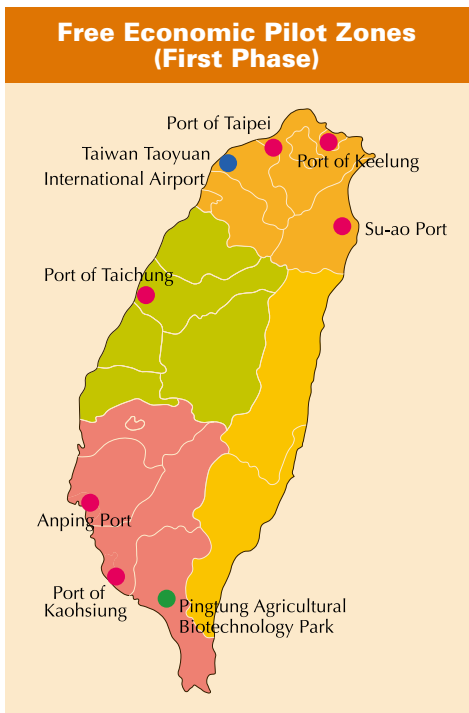
normalization of economic ties between Taiwan and mainland China.

Under the ECFA's early harvest program, tariffs on 539 Taiwan-made products and 267 mainland goods were reduced in three stages, becoming completely eliminated as from January 2013.

Since the signing of the ECFA, foreign investors have shown greater interest in investing in Taiwan. According to MOEA statistics, Taiwan attracted foreign investment of US\$10.19 billion in 2013, generating job opportunities for over 40,800 people. The ECFA has also put Taiwanese businesses on a more level

playing field with foreign competitors for the mainland Chinese market while helping companies in Taiwan diversify investments and expand their global presence.

In follow-up negotiations to the ECFA, two agreements on cross-strait investment protection and customs cooperation came into force in February 2013. Respectively, their objectives are to protect the interests of cross-strait investors and to reduce business costs by fast-tracking clearance procedures. In addition, an agreement on trade in services was signed on June 21, 2013 in which Taiwan and mainland China agreed to open dozens of services sectors to each other, spurring economic activity and creating job opportunities. The pact, however, has yet to take effect, pending legislative approval.



Source: Executive Yuan, August 2014



■ Tariffs on most Taiwanese exports to New Zealand—mainly industrial products—have been reduced to zero after an economic cooperation pact between the two countries took effect December 1, 2013. (Courtesy of *Taiwan Review*)

Post-ECFA Era

The ECFA has also facilitated Taiwan's pursuit of free trade agreements with other nations. As examples, Taiwan signed an investment protection agreement with Japan in 2011. It also completed joint feasibility studies on economic cooperation agreements with Indonesia in late 2012 and with India in September 2013. Other member states of the ASEAN are currently researching the feasibility of entering similar partnerships with Taiwan.

On July 10, 2013, the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation 臺紐經濟合作協定 was signed after less than two years of negotiation. Four months later on November 7, the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership 臺星經濟夥伴協定 was concluded, making Singapore the first Southeast Asian country to enter such an agreement with

Taiwan. Covering a broad range of areas including investment and trade in goods and services, both agreements are high-quality, high-standard pacts that mark significant steps forward for Taiwan in forging deeper connections with the Asia-Pacific and global communities.

All of the above efforts are creating favorable conditions for Taiwan's participation in regional economic integration and bringing the nation closer to its long-term goal of joining the Trans-Pacific Partnership trade agreement and the Regional Comprehensive Economic Partnership bloc.



RELATED WEBSITES

- ▶ Ministry of Economic Affairs: <http://www.moea.gov.tw>
- ▶ Directorate-General of Budget, Accounting and Statistics, Executive Yuan: <http://www.dgbas.gov.tw>
- ▶ Central Bank of the Republic of China (Taiwan): <http://www.cbc.gov.tw>
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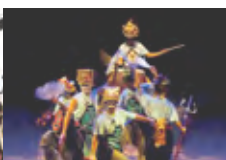
7

Science & Technology





One of the world's leading manufacturers of smart mobile devices, Taiwan also boasts ubiquitous mobile Internet access; pedestrians are commonly seen checking out their phones or playing around on a tablet. (Courtesy of *Taiwan Panorama*)



Rise of a High-tech Powerhouse

Much of Taiwan's achievement in science and technology (S&T) is attributable to the public sector's support for applied scientific development. The Republic of China's first comprehensive set of S&T policies, the Guidelines for the Long-range Development of Science 國家長期發展科學計畫綱領, were formulated in 1959. Over the following half-century, a raft of S&T policies and programs were implemented.

The 1990s saw the launch of a series of national science and technology programs 國家型科技計畫 to address needs ranging from telecommunications to disaster prevention.



■ An engineer of AUO conducts a quality inspection of display panels. The company, which takes pride in its innovative technologies and comprehensive solutions, enjoys a global market share of 16.7 percent in large-sized panels. (Courtesy of AU Optronics Corp.)

Meanwhile, the Fundamental Science and Technology Act 科學技術基本法 of 1999 provided a sound legal framework for government promotion of S&T progress. As stipulated in the act, the government drafts national S&T development plans every four years. The act was amended in November 2011 to grant government-funded research and development (R&D) organizations and schools greater ease in technology transfers and give their talents more freedom to invest in their own R&D achievements.

The private sector has also played a major role in fostering Taiwan's S&T development. Firms such as Taiwan Semiconductor Manufacturing Co., Ltd. 台灣積體電路製造股份有限公司 and United Microelectronics Corp. 聯華電子股份有限公司 pioneered—and have continued to dominate—the global market for custom-designed integrated circuit (IC) chips and a vast variety of other products. Today Taiwan is a major supplier of high-end components used in the manufacture of the products of internationally famous companies such as Apple, Microsoft, Intel and Sony. It has long been the world's No. 1 or No. 2 player in IC foundries and flat-panel displays. Further, ever since the 1990s, Taiwanese manufacturers have produced many of the world's personal computers and hold large shares of the global market for other consumer electronic products such as tablets and portable navigation devices, with some of them successfully developing into world-renowned brands, such as Acer, ASUS and HTC.

Today, both the public and private sectors continue to promote technological and scientific advancement. In 2012, Taiwan's R&D expenditure totaled NT\$431.30 billion (US\$14.57 billion), of which 24.8 percent came from governmental funding and 75.2 percent from private investment.

In the World Economic Forum's *Global Competitiveness Report 2013-2014*, Taiwan is ranked No. 8 in government procurement of advanced high-tech products and No. 11 in company spending on R&D as well as university-industry collaboration in R&D among the 148 economies surveyed.

S&T-related Government Agencies

Ministry of Science and Technology

The former National Science Council 行政院國家科學委員會 was upgraded to become the Ministry of Science and Technology (MOST) in March 2014 to spur greater momentum for innovation. The MOST's primary responsibilities are drawing up long-range national S&T development policies, reviewing S&T budgets and supervising the operations of science parks. It also oversees the National Science and Technology Center for Disaster Reduction 國家災害防救科技中心 and R&D activities of the National Applied Research Laboratories (NARLabs) 國家實驗研究院.

MOEA Department of Industrial Technology

The Department of Industrial Technology (DoIT) of the Ministry of Economic Affairs (MOEA) 經濟部技術處 is mandated to boost the private sector's technological sophistication and help create vibrant new enterprises. Both goals are powerfully advanced through R&D and startup incubation services performed by researchers and other specialists at the DoIT-administered Industrial Technology Research Institute (ITRI) 工業技術研究院 and Institute for Information Industry (III) 資訊工業策進會, as well as at university laboratories and NARLabs facilities.

Technology Development Program (TDP) 科技研究發展專案計畫 grants provided by the DoIT have helped integrate the R&D and innovation efforts of research institutes, industries and academia. In 2013, the budget for TDP projects totaled over NT\$18.10 billion (about US\$608 million), of which institutional, industrial and academic projects accounted for 79, 18 and 3 percent, respectively.

Atomic Energy Council

The Cabinet-level Atomic Energy Council 行政院原子能委員會 oversees the nation's various nuclear-related affairs. As the country's nuclear safety regulator, its major tasks include:

- Oversight of construction and operation of nuclear power plants.
- Control of ionizing radiation in medical, agricultural, academic and industrial applications.
- Formulation and enforcement of regulations concerning handling, treatment, storage and disposal of radioactive waste and nuclear materials.
- Planning of and preparation for nuclear emergency response.
- Monitoring of environmental radiation in air, water and foodstuffs, including operation of a real-time gamma radiation monitoring system.

Under government reorganization scheduled for completion by December 2014, the agency will become the Nuclear Safety Commission 行政院核能安全委員會 and maintain its independent authority to oversee nuclear safety issues.

Publicly Supported R&D Institutions

Institute for Information Industry

Since 1979, the III has been a key contributor of technology to Taiwan's information and communications technology (ICT) industry while performing a number of important roles, including serving as a think tank on ICT policy, providing innovative R&D and interoperability standards for the ICT industry, promoting ICT applications and bridging the digital divide. The III also fosters cooperation across disciplines, between academia and industry, and with other countries, while striving for balanced development of culture and technology. Moreover, the institute has provided a variety of training courses for over 410,000 information and technology professionals in the past 30 years.

With around 1,500 employees (76 percent of whom have a master's degree or higher), the ITRI also conducts technological research on smart green services, smart media, smart business, analytics, cloud system software, digital convergence, mobile communication and cyber security, among other areas. In 2013, it became one of the winners of the prestigious U.S.-based *R&D Magazine's* R&D 100 Awards for the third consecutive year.

Industrial Technology Research Institute

Established in 1973, the ITRI is internationally renowned for its diverse R&D capabilities, its voluminous output of innovative technologies and its success in incubating vibrant new enterprises. It played a vital role in transforming Taiwan from a labor-intensive economy to a

Taiwan's World-leading High-tech Industries in 2013

Category	Production Value (US\$ million)	Global Share (%)
Ranked No. 1 Worldwide		
IC foundries	24,764.23	68.3
IC packaging and testing	12,689.59	50.8
Optical discs	848.43	39.6
Glass Fiber	660	29.2
Ranked No. 2 Worldwide		
Portable navigation devices	1,286.73	45.3
IC substrates	2,118.06	25.3
Glass fiber	657.44	29.7
Large-sized TFT-LCD panels	21,052.03	23.1
Electro-deposited copper foil	1,030.41	23.0
Small & medium-sized TFT-LCD panels	6,254.41	19.7
IC design	14,529.87	18.6
TN/STN LCD panels	158.41	11.4

Note: This table excludes overseas production by Taiwanese companies.

Source: Industry & Technology Intelligence Services Project, Ministry of Economic Affairs

high-tech island. With more than 6,000 employees, the ITRI focuses on ICT research; electronics and optoelectronics; material and chemical studies; medical devices and biomedical products; machinery and systems; and green energy and the environment. For the sixth successive year in 2013, the ITRI was named one of the winners of *R&D Magazine's* R&D 100 Awards.

The ITRI has partnered with numerous overseas research institutes and also offers the international community a wide spectrum of services such as contract research, product and process development, pilot runs for technological upgrades, industrial analysis, and talent training. To enhance international collaboration, it now operates branch offices in the U.S., Japan, Germany, Russia and the Netherlands.

National Applied Research Laboratories

The NARLabs, a nonprofit organization established in June 2003, focuses primarily on cutting-edge research in the pure and applied sciences to meet the nation's long-term development needs. It also establishes R&D platforms to serve academia and industries as it strives to keep pace with technological trends via exchanges and cooperative efforts with renowned research institutes around the world.

The NARLabs' 10 research laboratories focus respectively on chip implementation; instrument technology; high-performance computing; earthquake engineering; nano devices; laboratory animals; space technology; S&T policy and information; oceans; and typhoons and floods.

Latest Endeavors

With forward-looking policies and a dynamic and enterprising private sector, Taiwan has become the world's largest manufacturer of a wide range of information



Making a Smart Move

Smart handheld devices are Taiwan's pride, generating about NT\$2.61 trillion (US\$87.67 billion) in 2013. However, competition has intensified in recent years as international rivals have rolled out innovative products or cut prices. Hence, the MOEA launched a program in 2014 aiming to carve out a niche for Taiwan's smart devices through the coordination of academia, research institutes and industry on designing new intelligent functions. The objective is to program gadgets to detect and adjust to different environmental and human responses while integrating hardware and software that are energy-efficient.

In addition to seeking innovative breakthroughs, the program will cultivate manufacturers of flexible displays and ultra-thin touch panels as well as system software developers. It will not only consolidate the industry's supply chains but also push forward the transformation of Taiwan's industrial structure. By 2017, Taiwan's smart handheld devices are expected to generate a production value of over NT\$3.19 trillion (about US\$105 billion).

technology products. It has also been bolstering development in a few specific fields, as described below.

Information & Communications Technology

Cloud Computing

In October 2010, the Cloud Computing Association in Taiwan (CCAT) 台灣雲端運算產業協會 was launched by some 100 top ICT companies with the participation of the ITRI and III. The consortium aims to make Taiwan a major exporter of cloud computing services by consolidating the resources of hardware and software producers.

As part of its Taiwan Valley 台灣雲谷 project, the CCAT unveiled an exhibition center in March 2012 to feature over

30 exceptional cloud products developed by Taiwan. The CCAT has also implemented a program since April 2013 to accelerate the transformation of enterprises through cloud applications, benefiting 10 startups as of the end of that year. From 2014 onward, the CCAT will facilitate the establishment of cloud valleys around Taiwan to drive the island's innovation in this technology.

The MOEA's Cloud Open Lab 雲端開發測試平台 was established in September 2012 as a platform to test cloud computing applications, equipment and systems. The results of this work have been used to develop government cloud-building programs, expediting collaboration between the public sector and private-sector product developers. For instance, the Ministry of the Interior has collaborated with the lab to test the quality and service efficiency of its Taiwan Geospatial One-Stop (TGOS) Cloud 地理資訊圖資雲, which went online in January 2014. As of September 2013, 69 enterprises had tested 133 cloud computing services and products on the MOEA's platform. In a drive to extend services to



■ Worldwide media outlets gather at an ASUS press conference to report its latest technologies and product designs. The brand has grown into one of the world's top players in computers, tablets and smartphones. (Courtesy of ASUSTeK Computer Inc.)



Academic Internet Infrastructure and Service Upgrade

In 2014, the Ministry of Education is teaming up with the Academia Sinica 中央研究院 and the NARLabs' National Center for High-performance Computing 國家高速網路與計算中心 to upgrade Taiwan's academic Internet infrastructure.

The initiative will introduce next-generation optical network technologies to bolster data transmission capabilities, facilitating research and testing. It will also divide academic networks between two levels—higher education on the one hand and secondary school and below on the other—redistributing bandwidth fairly between them while ensuring mutual support in times of glitches. Additionally, the access to educational resources on mobile devices through cloud-computing technologies is being broadened.

Once the program is completed, Taiwan will have one of the world's leading Internet infrastructures for education and research. Additionally, this facility augmentation will benefit government agencies by supporting their Internet applications across administrative borders and offer greater Internet access to citizens.

private enterprises as well, the lab joined the CCAT's efforts in October 2013 to cultivate outstanding cloud-computing companies and talents by sharing its resources.

The III, meanwhile, has launched the Cloud Appliance for Enterprises 企業雲端伺服器, a cost- and energy-efficient platform used by Taiwan's ICT hardware and software vendors to develop cloud-based products and solutions. And the ITRI Cloud Operating System can significantly reduce system implementation and integration time, difficulty and cost for large cloud data centers; it saves domestic cloud-computing infrastructure service providers about half the cost they would otherwise spend by purchasing systems from foreign vendors.

The public and private sectors' efforts to promote cloud computing technology are paying dividends, with the

number of related patent applications multiplying between 2010 and 2013.

Networked Communications

Thanks to the Networked Communications Program 網路通訊國家型科技計畫 completed in December 2013, the production value of Taiwan-made communications equipment and components reached NT\$1.1 trillion (about US\$37 billion) in 2013, with 10 Taiwanese networking products ranked No. 1 in global market share.

Taiwan ranked 14th among the 148 economies assessed on the Networked Readiness Index of the *Global Information Technology Report 2014* released by the World Economic Forum. Taiwan was peerless in mobile network coverage as well as Internet and telephony competition.

By the end of 2013, Taiwan had 6.74 million wired broadband subscribers, including 2.89 million optical fiber subscribers. Its optical fiber penetration rate of 43 percent ranks sixth in the world. The country released fourth-generation mobile Internet service licenses to telecommunications operators in October 2013, with services launched in May 2014. Meanwhile, plans are afoot to gain a head start in fifth-generation mobile Internet technology.

Biotechnology

To encourage companies to develop new biotechnologies and drugs, the Act for the Development of Biotech and New Pharmaceuticals Industry 生技新藥產業發展條例, promulgated and enforced in 2007, has provided incentives for investing in relevant technology, talent and capital.

In 2009 the Cabinet initiated an action plan to strengthen research institutions' translational research on pharmaceuticals and the development of medical device prototypes. The program also led to the establishment of the Supra Integration and Incubation Center 台灣生技整合育成中心 in November 2011 to provide pharmaceutical firms and inventors with comprehensive consultative services, including technical and management support, fundraising and legal advice. Further,

the Food and Drug Administration 食品藥物管理署 under the Ministry of Health and Welfare has helped establish an integrated regulatory system for pharmaceutical products and spurred the industry's development; for instance, in 2013 it approved Afatinib, a new drug for lung cancer, ahead of its counterpart agency in the U.S.

A revised version of the program was launched in 2013, focusing on turning academia R&D successes into commercially viable products and promoting the export of health care management services.

In addition, the National Research Program for Biopharmaceuticals 生技醫藥國家型科技計畫 being implemented from 2011 to 2016 is mandated to advance the following goals: discover and develop new medicines, biomedical devices and therapies and strengthen R&D processes; concentrate and deepen the knowledge and skills of domestic researchers in related fields; and enhance academic and public research institutions' collaboration.

Nanotechnology

Established in 1988 and now part of the NARLabs, the National Nano Device Laboratories (NDL) 國家奈米元件實驗室 explores nanotechnology applications in nano-CMOS (complementary metal-oxide-semiconductor) devices, optoelectronics, energy and biomedical microelectromechanical systems. It also cultivates talent and research in semiconductor technology and nanotechnology, offering training courses to over 5,000 people each year and providing assistance for over 2,500 postgraduate theses and dissertations.

Based on the facilities and technologies of the NDL, the Nano Device Innovation Consortium 奈米元件創新產學聯盟 was inaugurated in January 2013 to provide an environment conducive to R&D. It also aims to attract more students to nano device development while bridging academic research and industry applications in Taiwan's semiconductor industry.

The second phase of the National Program on Nano Technology 奈米國家型科技計畫 (2009-2014) aims to turn previous research achievements into industrial success, focusing on advanced research in nanoscience and nanotechnology,

nanoscale electronics and optoelectronics, core facility and instrument development, nanomaterials, conventional manufacturing and applications in medicine, agriculture, energy and environmental protection.

From 2009 to the end of 2013, a total of NT\$14.67 billion (about US\$444 million) was put into the program; through public-private collaboration, the program generated as much as US\$32.91 million in technology transfers.

Instituted by the MOEA's Industrial Development Bureau 經濟部工業局 in 2005, the nanoMark 奈米標章 logo is a system for certifying genuine nanoproducts sold on markets, such as anti-bacterial tiles and textiles. As of 2013, a total of 1,496 products had been certified with the logo.

Space Technology

Established in 1991 and currently a member of the NARLabs, the National Space Organization (NSPO) 國家太空中心 is the sole government agency in charge of national space programs and space technology development in Taiwan. It implements the nation's space policies and is itself a space technology research institute.

The NSPO currently operates FORMOSAT-2 and FORMOSAT-3/COSMIC (Constellation Observing System for Meteorology, Ionosphere and Climate) satellites. The NSPO's first high-resolution remote-sensing satellite, FORMOSAT-2, provides daily images of the earth's surface for environmental monitoring and land survey, disaster rescue and academic research. FORMOSAT-3/COSMIC, a constellation system consisting of six satellites, offers accurate data for weather forecasts, space meteorology monitoring and climate change observations.

Future Satellite Projects

Technologies and experience acquired from previous satellite programs are contributing to the first domestically developed satellite, FORMOSAT-5, a continuation of the FORMOSAT-2 program scheduled for launch in 2015. Meanwhile, to follow up on the universally acclaimed

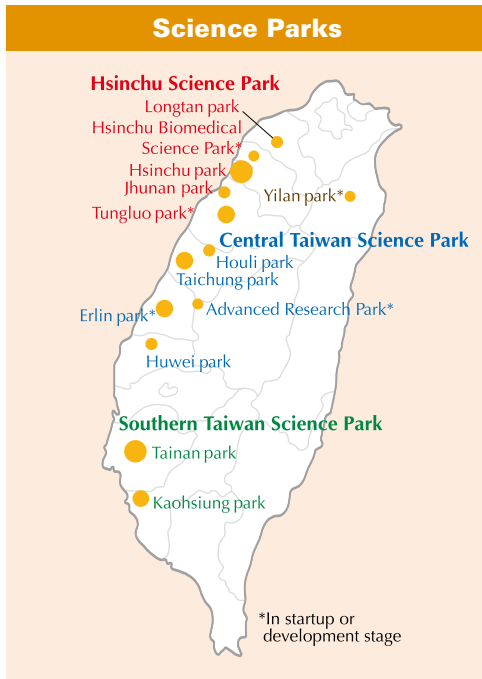
FORMOSAT-3/COSMIC mission, Taiwan is collaborating with the United States to develop the FORMOSAT-7/COSMIC-2, which is to be launched in two rounds respectively in 2016 and 2018.

Disaster Prevention Technology

As it is located in the subtropics on the borders of the Eurasian and Philippine Sea plates, Taiwan is frequently visited by typhoons, floods and earthquakes. To mitigate damage from natural disasters, the government has implemented a number of large-scale disaster prevention programs since 1982. The MOST's National Science and Technology Center for Disaster Reduction is tasked with supporting disaster reduction and relief efforts with its technological research. The National Center for Research on Earthquake Engineering (NCREE) 國家地震工程

研究中心 and the Taiwan Typhoon and Flood Research Institute 台灣颱風洪水研究中心, founded respectively in 1990 and 2011 as part of the NARLabs, have also enhanced Taiwan's ability to respond to natural disasters.

Taiwan has developed an early warning system to detect the less destructive primary earthquake waves and sends out a public warning for evacuations before the more destructive secondary waves arrive. The NCREE will build a new laboratory in Tainan City 臺南市, the world's first testing facilities for near-fault movements, in order to evaluate quake-resistant construction methods. Meanwhile, the Taiwan Typhoon



Source: Ministry of Science and Technology

Loss Assessment System can estimate the scale of such disaster losses with over 80 percent accuracy in less than one day; traditional survey methods require over a year.

Science Parks

Taiwan's science parks are designed and administered to provide ideal conditions for high-tech business operations. The parks also provide excellent environments for developing powerful synergy among clusters of related enterprises, some in nearby industrial parks, and public R&D institutions. Taiwan ranks first in the "state of cluster development" index of the World Economic Forum's *Global Competitiveness Report 2013-2014*.

As of the end of 2013, a total of 850 companies had taken up residence in the parks. Their combined revenues of about NT\$2.19 trillion (US\$73.56 billion) amounted to around 15 percent of Taiwan's GDP in 2013.

Taiwan has 13 science parks, organized into three core park groups: the Hsinchu Science Park 新竹科學工業園區, Central Taiwan Science Park 中部科學工業園區 and Southern Taiwan Science Park 南部科學工業園區. Several of these parks are in the startup or development stage, such as the Yilan Science Park 宜蘭科學園區 and Hsinchu Biomedical Science Park 新竹生物醫學園區, and expansion is underway at a number of other parks.



RELATED WEBSITES

- ▶ Ministry of Science and Technology: <http://www.most.gov.tw>
- ▶ Department of Industrial Technology, Ministry of Economic Affairs: <http://www.moea.gov.tw/Mns/doi>
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- ▶ Hsinchu Science Park: <http://www.sipa.gov.tw>
- ▶ Southern Taiwan Science Park: <http://www.stsp.gov.tw>
- ▶ Central Taiwan Science Park: <http://www.ctsp.gov.tw>



8

Agriculture





The chrysanthemum is one of Taiwan's important exports and accounts for the largest share of the nation's floricultural land. In addition to its ornamental value, the flower may be savored as tea or used in herbal medicine. (Courtesy of Taiwan Taitung Irrigation Association)

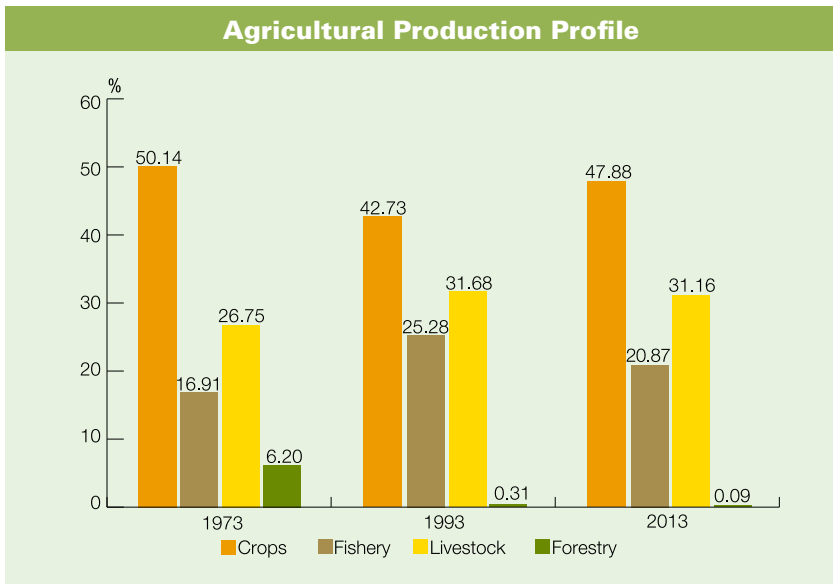


Sectors

In 2013, Taiwan's total agricultural production value reached an estimated NT\$475.90 billion (US\$15.99 billion), accounting for 1.69 percent of the nation's gross domestic product. In response to changing food consumption patterns and increased competition due to market liberalization, the focus of the island's agriculture has shifted from traditional farming of staple crops to production of consumer-oriented and higher-value commodities chosen for their market potential and Taiwan's technological advantages.

Rice

Rice is Taiwan's most valuable crop, with a total yield of more than 1.6 million tonnes from 270,264 hectares of land for a production value of NT\$36.9 billion (about US\$1.2 billion) in 2013. In recent years, farmers and researchers



Source: Council of Agriculture



Seasonal Fruits and Vegetables of Taiwan

Spring: strawberries, wax apples and edamame

Summer: mangos, pineapples, sand pears, lychees and watermelons

Autumn: Ponkan mandarin oranges, pomelos, starfruits and grapes

Winter: sweet oranges, jujubes, cabbages, Chinese cabbages, onions, broccoli, carrots and spinach

Year Round: chayote shoots, Chinese broccoli, scallions, eggplants, bananas, guavas and papayas

have focused on refining cultivation techniques and developing new high-quality varieties, which are not only resistant to climate change and appealing to domestic and foreign customers with fine taste but may also develop into health supplement food or ornamental plants.

Some of the finest rice is grown by special production zones and organic farming groups dedicated to the crop. Agricultural product accreditation, the food traceability system and grading systems help to ensure quality. The government has held competitions and promoted creative culinary ideas to further stimulate the sector.

Fruits and Vegetables

Thanks to Taiwan's climatic diversity, a vast array of fruits and vegetables are grown on the island, including some not widely available in the West (see box "Seasonal Fruits and Vegetables of Taiwan"). In 2013, 2.68 million tonnes of fruit and 2.75 million tonnes of vegetables were harvested from about 184,400 hectares and 145,900 hectares of farmland, respectively. The export value of fruits and vegetables reached US\$191 million and US\$170 million, respectively.



■ Farmers merrily harvest lemons, whose prices have soared in recent years due to the growing popularity of lemon tea drinks in Taiwan. (Courtesy of *Taiwan Panorama*)

Fruit growers have adjusted cultivation and marketing methods to deal with increased competition from foreign imports while the government has put greater effort into promoting fruit exports. Meanwhile, some orchards are being transformed into agritourism destinations.

Tea

Taiwan's oolong and Baozhong 包種 teas are world-renowned, while the island also produces green and black teas. Tea output has declined over the years due to growing labor costs, however, and the industry's focus has shifted from export markets to domestic consumers. In 2013, 14,718 tonnes of tea valued at NT\$6.92 billion (US\$232.45 million) were harvested, of which only about 3,919 tonnes were exported.

Many tea growers have their products authenticated through the traceability system or registration

for geographical certification marks or geographical collective trademarks issued by the Intellectual Property Office 智慧財產局 under the Ministry of Economic Affairs. Meanwhile, owners of many tea plantations have opened their doors to tourists, offering tea sampling and guided tours about the different stages of tea production.

Every year since 2010, the Nantou Global Tea Expo 南投茶業博覽會 has offered Taiwan's premium tea products to tea lovers from home and abroad. The highlight of the 2013 event was a tea-drinking gathering of about 4,000 people.

Floriculture

Thanks to effective marketing and the development of sophisticated cultivation techniques, floriculture has thrived in recent years. In 2013, flower production grew to NT\$16.52 billion (about US\$555 million), generating US\$189.70 million in exports. Taiwan is the world's largest exporter of orchids, which represented 87 percent of flower export value in 2013.

The government has committed US\$63 million to developing the Taiwan Orchid Plantation 臺灣蘭花生物科技園區, a 175-hectare biotech science park in Tainan City 臺南市. In March 2014, the park hosted the annual Taiwan International Orchid Show 臺灣國際蘭展, one of the biggest fairs of its kind in the world, for the 10th consecutive year.

Taiwan has garnered a succession of awards in international flower exhibitions. It won the indoor international competition category of the 2012 Floriade World Horticultural Expo in the Netherlands (a giant event held every 10 years) as well as a gold medal in the Great Pavilion Awards category of the Chelsea Flower Show in 2012 and a silver in 2013.

Livestock

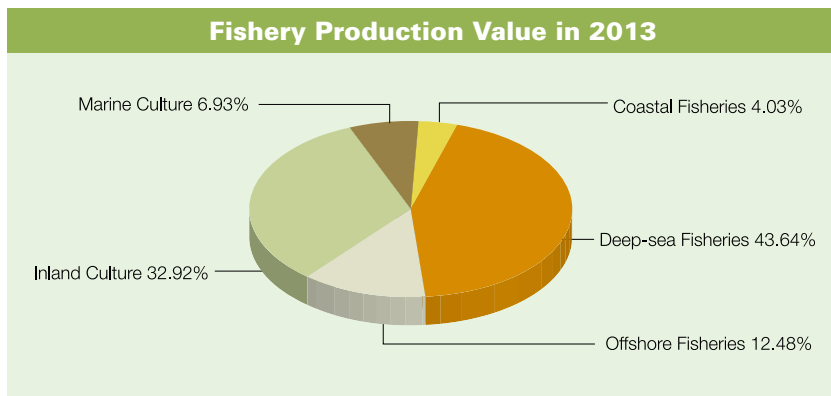
Livestock farming in Taiwan has grown steadily in recent years and become a mainstay of the agricultural sector thanks to technical innovations and increased demand for animal-protein foods. In 2013, total production amounted

to approximately NT\$150 billion (about US\$5 billion), accounting for 31.16 percent of Taiwan's total agricultural production value. The three major products, in order of importance, were pigs, broilers and eggs. Imports of livestock products, including meat and offal, dropped slightly to 295,063 tonnes in 2013 while exports of these products increased by 50.77 percent year-on-year to 10,890 tonnes.

Over the past decade, the livestock industry has undergone restructuring to raise its global competitiveness through strategic business alliances, enhanced disease surveillance and meat hygiene systems, and development of national brand names. Farmers have worked with the government to strengthen common procurement mechanisms for stock feed as well as to seek alternative feed ingredients and formulas. Certified meat inspectors and veterinarians employed by the Bureau of Animal and Plant Health Inspection and Quarantine 動植物防疫檢疫局 under the Council of Agriculture (COA) 行政院農業委員會 conduct inspections of slaughterhouses nationwide.



■ With its suitable climate and unique breeding techniques, Taiwan has produced some of the most colorful species of ornamental fish. (Courtesy of Jy Lin Trading Co., Ltd.)



Source: Council of Agriculture

Fishery

Over the past 60 years, the center of Taiwan's fishery industry has shifted from small-scale coastal fisheries to aquaculture and deep-sea fisheries. More than half of Taiwan's seafood production was shipped abroad in 2013, earning NT\$54.5 billion (US\$1.8 billion) to account for 36.2 percent of total agricultural exports.

Aquaculture has grown steadily due to Taiwan's varied climate and advances in technology and breeding techniques. It contributed 37.4 percent of fishery output value in 2013. Taiwan is one of the world's major suppliers of grouper and tilapia; its other important aquacultural products include eel, milkfish, oysters and clams.

Ornamental Fish Farming

Taiwan has about 260 ornamental fish farms—mostly in southern Taiwan—producing over 300 species, including medium- and high-priced varieties such as bloody parrot as well as American and African cichlids. Output value of Taiwan's ornamental fish grew from NT\$830 million (US\$25.1 million) in 2009 to nearly NT\$1.2 billion (US\$40.3 million) in 2013. The annual Taiwan International Aquarium Expo



Taiwan Tilapia

Introduced to Taiwan in the 1940s, tilapia was first farmed as a cheap, plain fish. To change that humble image, Taiwan's tilapia farmers worked hard on hybridization, breeding techniques and feed formulas to cultivate a high-quality breed, officially named Taiwan tilapia in 2002 to differentiate it from previous species. With strict quality inspection and food processing techniques to ensure taste and freshness, Taiwan tilapia is now sought-after domestically and in overseas markets such as the United States, Japan and South Korea.

Through the guidance of the COA's Fisheries Agency 漁業署 and Tainan City Government 臺南市政府, in 2013 tilapia farmers, breeders and processors under the Nan Yng Aquaculture Association 南瀛 養殖生產協會 were accredited with the Aquaculture Stewardship Council's (ASC) International Standard for Responsible Tilapia Aquaculture, which requires strict compliance with 61 standards on water quality, feed, disease control, animal welfare, and environmental sustainability. Out of the world's total 24 tilapia farms certified by the ASC, half are located in Taiwan.

台灣國際觀賞魚博覽會 showcases the island's unique breeding techniques to visitors from all over the world.

Agricultural Export

Since 2007, the COA has sought to boost Taiwanese agriculture's presence abroad through targeted exports to strategic and major world markets. In 2013, the value of agricultural exports came to US\$5.08 billion on the strength of flowers, aquatic products and edamame. The nation's largest export market is Japan, followed by mainland China, Hong Kong and the United States. (See also box "Agricultural Exports to Mainland China.")

Under the Free Economic Pilot Zone (FEPZ) project (see Chapter 6, “Economy & Finance”), the COA is promoting the development of a value-added agriculture industry that will combine abundant, low-cost raw materials from abroad with quality ingredients grown by local farmers, using domestic production technologies and Taiwan’s agricultural research and development (R&D) know-how. This initiative will help integrate local farmers into stable supply chains for the zones and spur the country’s agricultural exports.

The FEPZ business model has been implemented in the Pingtung Agricultural Biotechnology Park 屏東農業生物科技園區 (PABP), where 14 businesses were approved to



Agricultural Exports to Mainland China

Taiwan’s agricultural exports to mainland China have enjoyed brisk growth in the past few years. Mainland-bound exports of products on the Cross-Straits Economic Cooperation Framework Agreement 海峽兩岸經濟合作架構協議 (see Chapter 4, “Cross-strait Relations”) early harvest list were valued at US\$168.84 million in 2013, registering growth of 6.65 percent over the previous year, with live grouper exports reaching US\$123.29 million.

Other significant agricultural accords are the Cross-Strait Agreement on Cooperation in Quarantine and Inspection of Agricultural Products 海峽兩岸農產品檢疫檢驗合作協議 signed in December 2009 and the Cross-Strait Agreement on Intellectual Property Rights Protection and Cooperation 海峽兩岸智慧財產權保護合作協議 signed in June 2010, which provides an official channel for Taiwanese farmers to apply for and claim plant variety rights in mainland China.

More business opportunities were created in April 2011 when the COA acquired approval from mainland authorities to use the Certified Agricultural Standards (CAS) 優良農產品證明標章 label on produce sold on the mainland, providing consumers in that market with trusted assurance of the quality and safety of Taiwan’s agricultural products.

move in during the second half of 2013, with investments totaling NT\$1.75 billion (US\$58.78 million).

Agritourism

As of December 2013, the COA had certified 317 leisure farms while also transforming 75 recreational agricultural areas into tourist spots. Government initiatives to nurture value-added agriculture and organize farm festivals, together



Food Safety

The CAS was launched in 1989 to improve the quality of agricultural products and processed foods from 16 food categories ranging from meat and rice to eggs and fruit juice. Manufacturing facilities that have received CAS accreditation for specific items are subject to both routine and random inspections.

The Safe Agricultural Products 吉園圃 label was introduced in 1993 as a product-safety management system for fruits and vegetables to prevent unwanted residue from pesticides. Produce certified by the system can be purchased at certain supermarkets and convenience stores.

The Taiwan Agriculture and Food Traceability System 臺灣農產品產銷履歷制度 was activated in 2007 as a process-safety management mechanism. It provides direct access to digital records made by participants of the cultivation, food processing, delivery and sale of items that carry a traceability label.

Taiwan's organic farmland increased threefold in the decade following the introduction of basic standards for organic farming in 1999. In February 2009, the COA established an accreditation and certification system for organic foods, including crops, poultry and meats, under the Agricultural Production and Certification Act 農產品生產及驗證管理法. Thus far, 14 organizations have been authorized to certify organic products.

with private-sector efforts to offer agri-tours, rural cuisine and agri-specialty gifts, have led to growing interest in agritourism and helped promote sustainable development in rural regions. About 20 million visitors were estimated to have participated in agritourism in 2013, generating NT\$10 billion (about US\$336 million) for the industry.

Technological Innovations

The COA has 16 research institutes tasked with the development of innovative technologies in different domains, including crops, livestock, fishery, forestry, animal health and plant protection. The institutes have made considerable contributions to Taiwan's agricultural success over the years through transfer of technology to the private sector. In 2013, they reported 123 cases of agricultural technology transfer, for which royalty payments of about NT\$84 million (US\$2.82 million) were collected.

To speed up the development of agricultural technologies, the PABP was established in 2003, and by the end of 2013, 77 companies had invested in it. Two public manufacturing facilities were opened—in 2007 and 2010, respectively—and another customized cGMP (current Good Manufacturing Practices) plant specializing in animal vaccines was completed in 2010. The PABP's aquatic area focusing on ornamental fish is to be unveiled in late 2014.

The COA is planning to transform Taiwan's traditional agriculture to a market-oriented industry with high added value well supported by technology to develop unique and competitive strengths and turn agricultural technology R&D achievements into commercially viable products in global markets. The initial focus is on animal vaccines, feed additives, biological pesticides and ornamental fish farming. The Agricultural Technology Research Institute 財團法人農業科技研究院, inaugurated in January 2014, will be the initiative's platform for promoting agricultural technology.

Rural Rejuvenation

The rural environment has been undergoing a face-lift with the enactment of the Rural Rejuvenation Act 農村再生條例, which allows residents to propose community revitalization initiatives based on local characteristics, natural ecology and cultural resources. A budget set at NT\$150 billion (US\$4.74 billion) has been allocated for the 10-year period commencing from the passage of the act in August 2010 for the improvement of 4,000 farming and fishing villages. As of December 2013, 360 communities around Taiwan had successfully carried out rejuvenation projects.

Agricultural Finance

The agricultural finance system comprises the Agricultural Bank of Taiwan 全國農業金庫, which was established in 2005, and the credit departments of farmers' and fishermen's associations. These institutions are supervised by the COA's Bureau of Agricultural Finance 農業金融局, which is also responsible for planning agricultural loans. For agricultural workers without sufficient collateral to acquire necessary working capital, the Agricultural Credit Guarantee Fund 農業信用保證基金 provides guarantees on their behalf, which also reduces lending risks for financial institutions.

By January 2014, the balance of deposits at the credit departments of the farmers' and fishermen's associations was nearly NT\$1.64 trillion (US\$54.02 billion), while the balance of loans reached NT\$893.56 billion (US\$29.43 billion). The non-performing loan ratio dropped to a record low of 1 percent.

Latest Developments

Once a self-sufficient agricultural powerhouse, Taiwan in recent years has been faced with growing threats to its food security stemming from climate change and increased

reliance on food imports. Its agricultural trade deficit was US\$9.70 billion in 2013. The central government has set a goal of raising the nation's food self-sufficiency rate from 32 percent in 2010 to 40 percent by 2020 through concrete measures to bolster domestic farming.

From 2013, a four-year program is being implemented to revive about 45,000 hectares of fallow land by subsidizing organic farming as well as the cultivation of crops with high export demand or the potential to replace imported feed. Meanwhile, to counteract the aging of the agricultural population and expand the scale of farm operations, more effort will be put into promoting the Small Landlords, Big Tenant Farmers 小地主大佃農 initiative launched in May 2009 to encourage smallholders and aged farmers to lease their land to tenant farmers, who then till adjacent pieces as a single farm.

To remediate land subsidence issues and build a model region for sustainable agriculture in Yunlin 雲林 and Changhua 彰化 counties, about NT\$3 billion (US\$100.77 million) will be injected into an eight-year program launched in 2013 to create water-saving agricultural production zones; maximize use of agricultural resources; strengthen the application of water-conservation technologies and information; expand the scale of farm operations; attract new generations of farmers; develop agritourism; bring sophistication to traditional products; and diversify marketing strategies.



RELATED WEBSITES

- ▶ Council of Agriculture: <http://www.coa.gov.tw>
- ▶ Fisheries Agency: <http://www.fa.gov.tw>
- ▶ Easy Agritourism: http://ezgo.coa.gov.tw/ezgo_eng
- ▶ Pingtung Agricultural Biotechnology Park: <http://www.pabp.gov.tw>
- ▶ Safe Agricultural Industry Web Portal (Chinese only): <http://agsafe.coa.gov.tw>
- ▶ Taiwan Agriculture and Food Traceability System (Chinese only): <http://taft.coa.gov.tw>
- ▶ The Farmers' Academy (Chinese only): <http://academy.coa.gov.tw>



9

Environmental Protection





Taiwan is a winter sanctuary for many migratory birds; every year, thousands of black-headed gulls migrate south to the island's coasts, offering a spectacular sight to behold. (Courtesy of the Tourism Bureau)



Public Policies Go Green

The Republic of China (ROC) government aims to make Taiwan a low-carbon economy and an environmentally friendly society dedicated to the reduction of carbon dioxide (CO₂) and other greenhouse gas (GHG) emissions. Though Taiwan has been denied participation in the U.N. Framework Convention on Climate Change (UNFCCC), its Cabinet in 2010 approved a Master Action Plan of Energy Conservation and Carbon Reduction 國家節能減碳總行動方案 which calls for “nationally appropriate mitigation actions” that are measurable, reportable and verifiable in line with the UNFCCC Copenhagen Accord. The Master Action Plan comprises 10 strategy plans, summarized in the table below, and sets the following targets:

- Improve energy efficiency by more than 2 percent per annum over the period 2008-2015.
- Reduce GHG emissions to 2005 levels by 2020 and to 2000 levels by 2025.

Between 2010 and 2013, the Master Action Plan helped reduce CO₂ emissions by 23.59 million tonnes, a drop which exceeded its target by over 32 percent.

The Cabinet-level Environmental Protection Administration (EPA) 行政院環境保護署 is the nation’s highest

Master Action Plan of Energy Conservation and Carbon Reduction: Ten Strategy Plans

- Establish a sound regulatory framework.
- Build low-carbon energy systems.
- Foster low-carbon communities to achieve a low-carbon society.
- Promote a low-carbon industrial structure.
- Develop green transportation networks.
- Promote green environments and green architecture.
- Develop energy-saving, carbon-reduction technologies.
- Reduce public construction projects’ energy consumption and carbon emissions.
- Strengthen education on energy conservation and carbon reduction.
- Boost public awareness and encourage civic action.

Source: Ministry of Economic Affairs

authority overseeing environment-related policies. It will be reorganized as the Ministry of Environment and Natural Resources this year. The EPA maintains the Taiwan GHG Emissions Registry 國家溫室氣體登錄平台, an integrated platform for enterprises to voluntarily report their GHG emissions. Meanwhile, a draft bill, the Greenhouse Gas Reduction Act 溫室氣體減量法, which would give the government greater authority to regulate emissions, has been proposed and is currently being reviewed by the Legislative Yuan (Legislature) 立法院.

In May 2012, the EPA named six GHGs, including carbon dioxide, as air pollutants, bringing their emission under the jurisdiction of the Air Pollution Control Act 空氣污染防治法. The EPA also enacted regulations in December 2012 to institutionalize the reporting of GHG emissions. These measures are in line with principles drafted in the Greenhouse Gas Reduction Act.

Energy Sustainability

Renewable and Low-carbon Power Generation

A key objective of the Master Action Plan is reducing the volume of carbon emissions resulting from electricity generation by developing renewable energy resources, primarily solar, wind and biomass energy and secondarily hydro and tidal energy. Such action is crucial for cutting GHG emissions in view of the nation's dependence on GHG-emitting fossil fuels as its major energy sources. Taiwan's energy supply nearly doubled over the last two decades to 143.14 million kiloliters of oil equivalent (KLOE) in 2013. For the year as a whole, fossil fuels—oil, coal and natural gas—constituted 89.71 percent of all energy supplies, while nuclear power contributed 8.43 percent, and power from renewable energy accounted for only 1.86 percent.

Solar Power

According to the *PV Status Report 2013* released by the European Commission's Joint Research Center, Taiwan was the world's second-largest producer of solar cells after mainland China that year. Taiwan also has one of the highest installation rates for solar water heaters—ranking fifth in the world in terms of the ratio of heaters installed to land area—thanks in part to government subsidies.

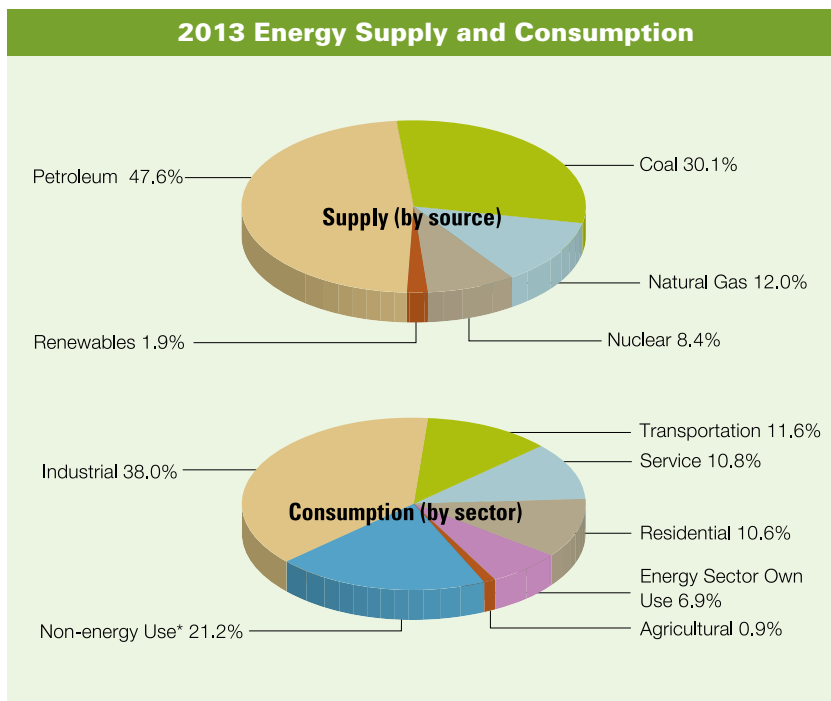
As of the end of 2013, solar power systems with a combined capacity of 392 megawatts had been installed in Taiwan. To promote solar energy panels, the Bureau of Energy (BOE) 能源局 in February 2013 launched the Million Rooftop PVs Promotion Project 陽光屋頂百萬座計畫, offering installation incentives and technical support to households, communities, businesses and local governments. The project aims to push Taiwan's solar power installed capacity to 6,200 megawatts by 2030.

The publicly supported Industrial Technology Research Institute 工業技術研究院 in 2013 successfully developed the world's first nonfluorine backsheet encapsulants for photovoltaic modules, which are not only environmentally friendlier but also more cost- and energy-efficient than conventional fluorine counterparts. The patent has been transferred to the private sector for mass production of up to 6 million square meters annually from July 2014 onward.

Wind Power

As of the end of 2013, the 311 land-based wind turbines along Taiwan's northern and southwestern coasts had an installed capacity of 614.2 megawatts, enough to meet the needs of more than 374,839 households. This translates into savings of over 362,094 KLOE and prevents over 837,539 tonnes of CO₂ emissions from being released per year.

With the development of onshore resources nearing maturity, Taiwan has begun tapping wind energy from offshore resources. In July 2012, the Ministry of Economic Affairs unveiled a plan to install four offshore wind



*Including purposes other than energy generation, such as refining crude oil to produce road asphalt.

Source: Bureau of Energy, Ministry of Economic Affairs

turbines by 2015 with the aim of pushing offshore wind power capacity to 320 megawatts by 2020 and 3,000 megawatts by 2030. Taken together, capacity from the land- and sea-based turbines is expected to rise to 4,200 megawatts by 2030.

Aside from promoting large wind power facilities, Taiwan established its first offshore small wind turbine testing site in Penghu 澎湖, where local wind speed offers a suitable testing environment, in October 2013. Certified by the Taiwan Accreditation Foundation 全國認證基金會 and Norway-based DNV GL, the testing platform is expected to help Taiwan's turbine manufacturers reduce testing cost by 60 percent and trial time by over 30 percent.

Green Business Practices and Products

Since May 2010, technical service teams under the BOE have provided guidance on energy conservation to private- and public-sector organizations. A total of 1,771 organizations received such direction in 2013.

Since 2004, the EPA has inked a number of memorandums of understanding with liquid crystal display, semiconductor and automobile industries on reducing GHG emissions. It has also coordinated a similar joint effort between state-owned Taiwan Power Co. 台灣電力公司 and the magnesium industry.

The EPA's Green Mark Program 環保標章計畫 encourages manufacturers to produce, and consumers to purchase,



■ The YouBike service provides 24-hour bicycle rental throughout Taipei and New Taipei City, making traveling green a convenient option for tourists and local commuters. (Courtesy of *Taiwan Panorama*)

products that are recyclable and have low environmental impact. From the program's inception in 1992 through April 2014, over 12,000 products had been certified to display the Green Mark logo. In May 2013, the Green Mark Program was extended to the service sector, conferring gold, silver or bronze ratings on environmentally conscious travel agencies, restaurants, cleaning services, car rentals and car wash companies.

Taiwan's Carbon Footprint Label 碳足跡標籤 system, launched in 2010, displays the amount of CO₂ emissions generated throughout the life cycle of a product, from manufacturing and packaging to distribution and disposal. As of April 2014, certification to use this logo had been given to 232 products.

Green Transportation

In addition to a comprehensive network of public transportation, including city buses, mass rapid transit services and high-speed rail, zero-carbon modes of transportation such as pedestrian walkways and bicycle lanes have been augmented, while more bicycle paths are being connected to roads and railways to promote low-carbon tourism.

Since March 2009, the YouBike service has provided convenient 24-hour bicycle rental at mass transit stations and other venues throughout Taipei City 臺北市 and New Taipei City 新北市. Over 20 million people had used the service as of May 2014. Kaohsiung City 高雄市 also operates a similar bicycle rental system.

A number of measures are being taken to reduce air pollution caused by motor vehicles. These include routine exhaust inspections and spot checks of motor vehicles' emissions. Government agencies also offer incentives for the purchase of vehicles with low-pollutant emissions, including electric vehicles, and liquefied petroleum gas vehicles enjoy a subsidy for fuel purchases. The EPA and the Ministry of Transportation and Communications jointly launched a program in 2013 to replace all city

buses run on diesel with 10,000 electric buses over the next 10 years.

The EPA is also offering a subsidy of NT\$3,000 (US\$100) per newly purchased electric bicycle through December 2014. The central and local governments both provide subsidies to encourage the purchase of electric scooters. Battery exchange stations for electric scooters and bicycles are being established in New Taipei City and Kaohsiung City, while the EPA is promoting standardized batteries.

Cleaner Biofuels

Since 2008, the ROC government has been promoting the use of biodiesel and bioethanol fuels as substitutes for, or additives to, conventional diesel (petrodiesel) fuel and gasoline. Today B2, a 2-percent biodiesel blend, is the standard fuel for all diesel-powered vehicles, while E3, a 3-percent ethanol-blend gasoline, is available in 14 gas stations in Taipei and Kaohsiung.

Pollution Prevention

Air Quality

The Air Pollution Control Act empowers various levels of government to set air quality standards and establish monitoring stations. Currently, the EPA monitors Taiwan's air quality with a network of 76 stationary and six mobile monitoring stations that measure a number of pollutants. In addition, nine photochemical monitoring stations assess ozone precursors across the country, playing an important role in atmospheric research and health risk assessments. These facilities are assisted by the EPA's air-quality-assurance laboratory.

Since its implementation in 1995, the Air Pollution Control (APC) fee 空氣污染防制費 system has resulted in marked improvements in Taiwan's air quality. The EPA levies APC fees on both stationary sources of pollution, such as factories and construction sites, and motor vehicles.

The EPA's Clean Air Zone 空氣品質淨化區 program to green urban spaces works to improve air quality and sequester carbon. Under the program, from 1996 to 2013, trees were planted on 1,743 hectares of land. The EPA plans to continue expanding green urban spaces by planting 15 hectares of trees annually.

Taiwan became the world's second country to have enacted laws to regulate indoor air quality when it promulgated the Indoor Air Quality Management Act 室內空氣品質管理法 in November 2011. Since then, the EPA has set up a number of auxiliary regulations to better implement the act. In January 2014, the EPA announced a list of 466 locations required to follow the act; this list will be further expanded in the future.

Water Quality

With maritime traffic especially heavy around Taiwan, the Marine Pollution Control Act 海洋污染防治法 and the Major Marine Oil Pollution Emergency Response Plan 重大海洋油污染緊急應變計畫 provide an important framework for government efforts to prevent and reduce marine pollution.

Industrial effluent and wastewater from livestock farms and households account for a large part of the pollutants in Taiwan's rivers. In 2012, the EPA launched a six-year program to regulate pollution sources, promote on-site treatment, and involve more citizens in uncovering illegal effluent discharge activities.

Previous efforts by the public sector in river revitalization have seen concrete progress. In early 2013, the EPA completed a program launched in 2008 to clean up six rivers running through Taiwan's metropolitan areas, improving the environs for urbanites. Also, works were launched in September of the same year to further purify upstream sections of the Love River 愛河, which has been remediated and transformed into an attractive area in Kaohsiung City.

Today, Taiwan's rivers, reservoirs, groundwater and surrounding seas are monitored by a network of over

950 sampling stations. Among the country's 50 major rivers, the segments considered seriously polluted plunged to 4.6 percent in 2013 from 15.8 percent in 2003. In 2013, 99.9 percent of ocean water tests met the quality standards established under the Marine Pollution Control Act.

Recycling and Waste Management

In recent years, Taiwan has worked diligently to promote the philosophy “reduce, reuse, recycle,” achieving significant progress in minimizing waste and expanding recycling programs. As a result, the amount of garbage per capita per day had been drastically reduced from a historic high of 1.14 kilograms in 1997 to less than 0.39 kilograms in 2013.

Taiwan has one of the world's highest recycling rates. As of December 2013, recycling rates for household garbage had reached 55.01 percent. Households are responsible for sorting



Feitsui Reservoir Turtle Refuge

In December 2013, Feitsui Reservoir 翡翠水庫 in northern Taiwan established Asia's first preserve for the endangered endemic yellow-margined box turtle. Occupying 1,259 hectares on the banks of the reservoir, the protected area has the island's largest and most stable population of the turtles. It is also home to a wide range of other native fauna, including the Formosan macaque, muntjac, Swinhoe's pheasant and Taiwan serow.

The establishment of the preserve is in response to customs seizures of large numbers of smuggled turtles in recent years. Poachers may now be imprisoned up to five years and fined up to NT\$1 million (US\$32,938) under the Wildlife Conservation Act 野生動物保育法. In addition, a recuperation home has been set up to temporarily house injured or poached turtles before releasing them back into the wild.

recyclable materials into a few major categories. About 4.03 million tonnes of garbage were recycled in 2013.

Further, EPA officials regularly take part in technical conferences associated with the Stockholm Convention on Persistent Organic Pollutants. In conformance with the convention, Taiwan has enacted the Environmental Agents Control Act 環境用藥管理法 and the Toxic Chemical Substances Control Act 毒性化學物質管理法.

Ecological Conservation

Forests and Forestation

The Council of Agriculture (COA) 行政院農業委員會 (to be renamed the Ministry of Agriculture in the near future) launched a forestation project in May 2008 which as of the end of 2013 had created forest parks in Chiayi 嘉義, Hualien 花蓮 and Pingtung 屏東 counties covering a total of 26,280 hectares.

Over half of Taiwan—mostly mountainous and hilly regions—is clothed in trees that are protected from commercial logging by law. Protected areas include six special forest reserves comprising over 21,170 hectares, established with the aim of protecting Taiwan's indigenous plant species. The COA's Forestry Bureau 行政院農業委員會林務局 conducts regular surveys of the reserves to monitor ecosystems and the presence of rare plant and animal species.

Nature Trails

The COA has mapped out 14 national and 14 regional nature trail systems to offer citizens ecological tours, hands-on environmental experiences and education, leisure activities, and beautiful scenery. Designed to minimize environmental impact, the trails are categorized according to five difficulty levels, and access to those which meander through protected forests or animal preserves requires a permit application beforehand. Every year, about 7 million visitors set foot in the trails.

Wildlife Protection

Along with large forests, Taiwan's wide variety of climatic zones, which range from temperate to tropical, give it an extraordinary profusion of flora and fauna. In all, Taiwan is home to approximately 56,700 different species, of which around 30 percent are endemic. To help ensure that its ecosystems remain intact, the central government has set aside about 19 percent of the nation's land area as protected areas, comprising nine national parks, one national nature park, 22 nature reserves for special ecosystems, six forest reserves, 19 wildlife refuges and 37 major wildlife habitats. The protection of biodiversity has also been codified in the Wildlife Conservation Act.

National Parks

Taiwan began promoting national parks and conservation work as early as 1961. Following the enactment of the National Park Law 國家公園法 in 1972, nine national parks (introduced below) have been created to preserve Taiwan's natural heritage. In December 2011, the Shoushan National Nature Park 壽山國家自然公園 was established in Kaohsiung as Taiwan's first national nature park.

Dongsha Atoll

Dongsha Atoll National Park 東沙環礁國家公園, Taiwan's first marine national park, covers 353,668 hectares of marine and land areas (including Dongsha Island 東沙島). Centered on Dongsha Atoll, which was formed by corals growing over tens of thousands of years, the park is blessed with diverse fish, invertebrate and coral species.

Kenting

Kenting National Park 墾丁國家公園 covers 33,289 hectares and wraps around Taiwan's tropical southernmost tip, a dramatic coastline formed by millions of years of geologic activity. The park features fossilized coral cliffs, living coral reefs and diverse marine life. Migratory birds also gather there in autumn and winter.

Wildlife Refuges in Taiwan



Source: Forestry Bureau, Council of Agriculture

Kinmen

Kinmen National Park 金門國家公園 occupies roughly one quarter of the Kinmen Islands 金門群島, which are located just a couple of kilometers from the coast of the Chinese mainland. Though established primarily to preserve local historical and cultural assets, the 3,528-hectare park has abundant natural flora and fauna, including more than 300 species of birds.

Shei-pa

Covering 76,850 hectares, mountainous Shei-pa National Park 雪霸國家公園 is the main watershed for northern and central Taiwan. The park has 51 peaks over 3,000 meters in height, including Xueshan Mountain 雪山, Taiwan's second-highest at 3,886 meters. Among the park's natural treasures is the Formosan landlocked salmon (*Oncorhynchus masou formosanus*), which inhabits a refuge created for it in the upper reaches of the Dajia River 大甲溪. It is believed to have been trapped in the frigid mountain waters of central Taiwan during the last Ice Age and survived there until today.

Taijiang

Established in 2009, Taijiang National Park 台江國家公園 in southwestern Taiwan is a 39,310-hectare marvel that is unique among Taiwan's national parks, encompassing wetlands and lagoons, salterns, fish farms and oyster farms, as well as historic sites of vintage artillery emplacements. The estuaries of three rivers flow through the park's four major wetlands. The park features conservation areas for mangroves and black-faced spoonbills.

Taroko

The centerpiece of Taroko National Park 太魯閣國家公園 is Taroko Gorge, a spectacular 19-kilometer marble canyon that was lifted up from the earth by tectonic movement and carved out by the Liwu River 立霧溪. Sharp differences in altitude in this area allow the surrounding region to support a rich diversity of animal and plant life. Over 2,500 species of plants and animals can be found in the 92,000-hectare park.

Yangmingshan

Located on the northern edge of Taipei City, Yangmingshan National Park 陽明山國家公園 is easily accessible to residents. The 11,388-hectare park is graced with lush, grassy meadows, mountain peaks and waterfalls and is noted for its hot springs heated by long-dormant volcanoes.

Yushan

Located in central Taiwan and spanning nearly 103,121 hectares, Yushan National Park 玉山國家公園 contains 30 of the 100 highest mountain peaks in Taiwan, including Yushan Mountain (Jade Mountain) 玉山, Northeast Asia's highest peak at 3,952 meters. The wide spectrum of climatic zones means that a large variety of animal and plant life can be found in the park. Subtropical, temperate and alpine species all thrive on Yushan Mountain.

South Penghu

Established in June 2014 as the newest member among Taiwan's national parks, South Penghu Marine National Park 澎湖南方四島國家公園 encompasses 370 hectares of land area and 35,473 hectares of surface water within the southern Penghu Islands 澎湖群島 area. It features special basalt geology, rich and diverse marine ecology, as well as unique cultural communities.



RELATED WEBSITES

- ▶ Environmental Protection Administration: <http://www.epa.gov.tw>
- ▶ Ministry of Economic Affairs' Bureau of Energy: <http://www.moeaboe.gov.tw>
- ▶ Recycling Fund Management Board: <http://recycle.epa.gov.tw>
- ▶ Council of Agriculture: <http://www.coa.gov.tw>
- ▶ Soil and Water Conservation Bureau: <http://www.swcb.gov.tw>
- ▶ Forestry Bureau's conservation site: <http://conservation.forest.gov.tw>
- ▶ National Trail System:
http://trail.forest.gov.tw/RA_En_JP/NT_EN/NationalTrailMap.htm
- ▶ National Parks of Taiwan: <http://np.cpami.gov.tw>



10

Infrastructure





Since January 2007, high-speed trains have been zooming passengers between northern and southern Taiwan, making it possible to travel the length of the island and back on the same day. (Courtesy of Taiwan High Speed Rail Corp.)



Land Transportation

Roads

Taiwan has over 40,000 kilometers of roads, most of which span the western coastal lowlands and hilly areas. On the west side of the island, the 373-kilometer Sun Yat-sen Freeway 中山高速公路 (National Freeway No. 1) connects Taiwan's major cities from Keelung City 基隆市 in the north to Kaohsiung City 高雄市 in the south. Similarly, the 432-kilometer Formosa Freeway 福爾摩沙高速公路 (National Freeway No. 3) starts from Keelung City and runs to Pingtung County 屏東縣 in the south. Moreover, numerous east-west national freeways and expressways feed into these major north-south arteries, forming an efficient and convenient traffic network to serve the densely populated west coast.

In the northeast, the 54.3-kilometer Chiang Wei-shui Freeway 蔣渭水高速公路 (National Freeway No. 5) runs from the seaport of Su-ao Township 蘇澳鎮 northward along the coast to Yilan City 宜蘭市, then cuts northwestward through the Xueshan Mountains 雪山山脈 via the 12.9-kilometer Hsuehshan Tunnel 雪山隧道—the world's fifth-longest freeway tunnel—to New Taipei City 新北市, and ends farther north at the Nangang System Interchange 南港系統交流道 in Taipei City 臺北市.

On December 30, 2013, Taiwan switched its entire national freeway network to an electronic, distance-based toll collection system, replacing the conventional flat-fee, semi-manual toll collection scheme (see box “Distance-based Toll Collection”).

Transportation networks are less developed in eastern Taiwan, which, compared with the west, has a much smaller area of flat land and is less populous and industrialized. However, with domestic tourism boosted by Taiwan's growing prosperity, this picturesque region is a high priority in development of transportation networks. Under the Hualien-Taitung Area Development Act 花東地區發展條例 promulgated in June 2011, NT\$40 billion (US\$1.36 billion) will be allocated over a 10-year period for the improvement

of infrastructure, tourism, ecological sites and other concerns in Hualien 花蓮 and Taitung 臺東 counties.

One east coast project underway is the re-engineering of the 101-kilometer Suhua Highway 蘇花公路 (part of Provincial Highway No. 9) between Su-ao Township and Hualien City 花蓮市. Improvement work on three sections totaling 38.4 kilometers in length began in 2011 and is expected to be completed by 2017.

Public and Commercial Road Vehicles

Tens of thousands of highway buses, tour buses and public and private city buses provide long-distance or intercity transportation services. In Taipei City, dedicated



Distance-based Toll Collection



Taiwan is the first nation in the world to replace all of its freeway toll stations with an Electronic Toll Collection (ETC) system that calculates tolls based on the distance traveled by a vehicle.

Previously, every car passing through a freeway toll plaza paid the same fee, regardless of the mileage traveled. Since the launch of the new system on December 30, 2013, tolls have been charged on a “pay-as-you-go” basis. Now over 90 percent of freeway drivers take advantage of the ETC system by using “eTag” sensors, which are detected and tracked by a radio-frequency identification system.

To encourage wider use, the government is offering a 10 percent discount on toll fees to eTag users. Vehicles without the tags can still travel on freeways; their road-use mileage is recorded on cameras using imaging recognition technology and their drivers are billed a few days later by the Taiwan Area National Freeway Bureau 臺灣區國道高速公路局. The new scheme not only ensures fairness all around but also speeds up highway traffic as vehicles no longer have to pass through toll booths.



Source: Ministry of Transportation and Communications

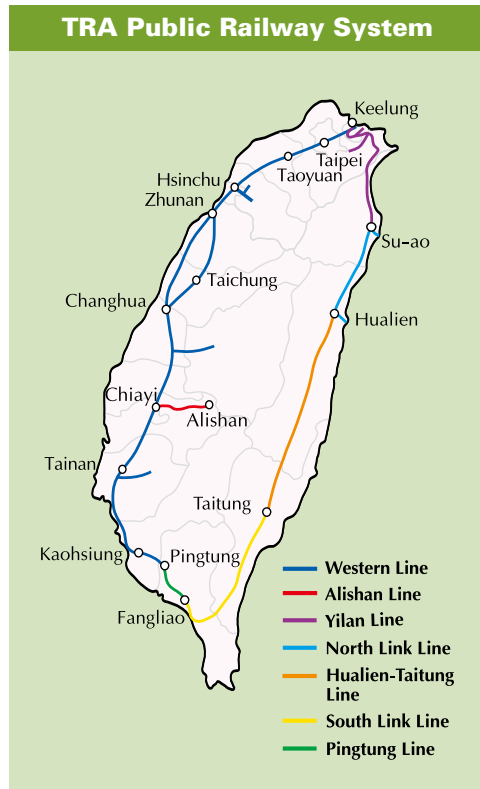
bus lanes on major roads together with its mass rapid transit systems have helped ease traffic congestion. City buses islandwide accept coins dropped in fare boxes, but passengers in many cities also have the option of paying with electronic stored-value cards such as the EasyCard 悠遊卡, which is widely used in northern Taiwan.

Taxis are a common sight in metropolitan areas. Taxi fares are set by local governments and vary slightly from locale to locale. Meanwhile, car rental is on the rise as more city dwellers prefer to rent vehicles for vacation.

Railways

Taiwan has a public railway system as well as a privately run high-speed railway service. Taiwan Railways Administration (TRA) 臺灣鐵路管理局 of the Ministry of Transportation and Communications (MOTC) provides service among 225 stations around the island. Its operating routes, 65.90 percent of which utilize double-track lines, total approximately 1,066 kilometers in length.

In recent years, the proportion of passengers taking long-distance express trains has declined as travelers increasingly utilize the high-speed rail. Hence, the TRA is focusing on providing better service to passengers on shorter routes, including adding new stops and new cars to improve commuters' travel experience.



Source: Ministry of Transportation and Communications

Along Taiwan's eastern coast, the TRA operates the Taroko Express 太魯閣列車, which employs a tilting technology that allows it to negotiate bends at high speeds and transport passengers from Taipei to Hualien in just under two hours. In February 2013, the TRA opened service on a new class of tilting trains, the Puyuma Express 普悠瑪列車, which can reach maximum operation speed of 140 kilometers per hour. Also, the Hualien-Taitung electric railway system was completed and began operation in June 2014.

Various projects are underway to modernize sections of existing rail lines and to build new rapid transit commuter railways that connect urban and outlying areas. In Pingtung County, an elevated, electrified double-track system between Pingtung City and Chaozhou Township 潮州鎮 is currently under construction and scheduled to

become operational in June 2016. Another project to build an elevated rapid transit railway in Taichung City 臺中市 is scheduled for completion in March 2017. In Kaohsiung City, 15.37 kilometers of rail tracks and several stations will be moved underground by the end of 2017 to ease traffic congestion.



Source: Taiwan High Speed Rail Corp.

High-speed Rail

Taiwan High-speed Rail (THSR) 台灣高速鐵路, which is run by the Taiwan High Speed Rail Corp., provides a quality 300 km/hour intercity rail service along Taiwan's western corridor that allows travel between Taipei and Kaohsiung in

just 96 minutes. THSR trains make about 136 trips daily with a punctuality rate (arrival within five minutes of schedule) of above 99 percent.

The 345-kilometer railway system serves eight stations (Taipei, Banqiao 板橋, Taoyuan 桃園, Hsinchu 新竹, Taichung, Chiayi 嘉義, Tainan 臺南 and Zuoying 左營). Construction is underway for a station in Taipei City's Nangang District 南港區. Additional stations are being built at Miaoli County 苗栗縣 in the north and Changhua County 彰化縣 and Yunlin County 雲林縣 in central Taiwan.

Metro Services

The Taipei Mass Rapid Transit System 臺北大眾捷運系統, popularly known as the Taipei MRT or Metro, has significantly facilitated transportation in metropolitan Taipei since it opened in 1996.

As of October 2014, 126 kilometers of routes and 109 stations were in operation. November 2013 saw the addition of the east-to-west Xinyi Line 信義線, which shortens cross-city travel time and helps alleviate traffic congestion in Taipei's busiest district. Two more extensions and five more lines, including one connecting the Taiwan Taoyuan International Airport (TTIA) 臺灣桃園國際機場 and Taipei Main Station 臺北車站, are currently under construction.

The Kaohsiung Rapid Transit System 高雄捷運, or Kaohsiung Metro, spans nearly 45 kilometers and has 38 stations on two lines. It is linked with the international airport, the THSR and TRA railways, as well as the city bus system. The first phase of the Kaohsiung Light Rail Transit Circular Line 高雄環狀輕軌捷運線 is currently under construction and is expected to begin offering services in 2015.

In Taichung, construction is underway on the first line of the MRT system, the Wuri-Wenxin-Beitun Line 烏日文心北屯線.

Personal Transportation

Scooters are extremely popular for their fuel efficiency, minimal parking space needs and freedom of mobility

particularly in urban areas. Nationwide, scooters outnumber private-use four-wheel vehicles by more than two to one. Beginning July 1, 2012, all expressways and fast lanes became opened to motorcycles with an engine displacement of 250 cc or more.

To complement existing transportation networks while promoting greener lifestyles, various cities have introduced public bicycle rental systems offering ultra-low rental prices and convenient access. Rental stations have been set up near metro stops, scenic spots and major business points while bike lanes are being extended. As of February 2014, the popular scheme had been launched in Taipei City, New Taipei City and Kaohsiung and is spreading quickly to other locales.

Maritime Shipping and Ports

At the end of 2013, Taiwan's shipping fleet consisted of 295 vessels totaling 3.37 million gross tons (4.98 million deadweight tons). Among the country's international carriers, several provided container transport services while others offered bulk freight services.

Taiwan has seven international harbor facilities under the management of the MOTC. The four largest—Port of Kaohsiung 高雄港 in the south, Port of Taichung 臺中港 on the west central coast, and Port of Keelung 基隆港 and Port of Taipei 臺北港 in the north—handle container shipping and bulk/break-bulk cargo. The remaining three—Port of Hualien 花蓮港 in east central Taiwan, Su-ao Port 蘇澳港 in the northeast and Tainan City's Anping Port 安平港 in the south—handle bulk and break-bulk cargo.

The Port of Kaohsiung was ranked by the World Shipping Council as the 13th-busiest container port in the world in 2013. Though the Port of Taipei did not begin serving container ships until February 2009, it has grown prodigiously into the nation's fourth-largest maritime shipping hub.

As a result of the agreement reached in November 2008 by Taiwan's Straits Exchange Foundation (SEF) 海峽交流基金會 and mainland China's Association for Relations Across the Taiwan Straits (ARATS) 海峽兩岸關係協會 to open direct shipping links between the two sides, Taiwan has opened 13 ports to direct cross-strait shipping, and the mainland has reciprocated with 72 openings. This has significantly reduced the time and cost of transporting cargo to and from Taiwan's top trade partner. Vessels sailing the strait now also transport tourists between the mainland and Taiwan (including offshore islands).

Civil Aviation

As of December 2013, a total of 68 airlines (47 foreign, 15 mainland Chinese and six domestic) operated international



Taoyuan Aerotropolis



The TTIA and its surrounding areas are being developed into the Taoyuan Aerotropolis 桃園航空城 as part of the *i*-Taiwan 12 Projects 愛臺十二建設.

Covering nearly 4,800 hectares, the city will include an industrial zone for low-pollution, low energy-consumption and low water-consumption aviation or peripheral industries; a free-trade zone for implementing the Free Economic Pilot Zones 自由經濟示範區 plan; residential and commercial districts; and other community and public facilities. The airport itself will see the addition of a third terminal, satellite concourses, a third runway as well as new maintenance and cargo areas. By 2030, the TTIA's service capacity is expected to increase to 60 million passengers and 4.5 million tonnes of cargo annually.

The entire project is expected to create 260,000 jobs and generate output of NT\$2.30 trillion (US\$77.83 billion).

and cross-strait flights to and from Taiwan. They served a combined 276 routes to 129 cities around the world. In 2013, the number of passengers served at Taiwan's airports (including arrivals, departures and transits) grew 7.48 percent over the previous year to 48.82 million, with international flight passengers making up the lion's share.

Increasing competition from the high-speed rail has taken a toll on the domestic air transport business. Compared with 2006—the year before the high-speed rail became operational—the number of passengers on domestic flights has declined, most severely in 2009 by 47 percent, but this drop has since improved to 39 percent in 2013 when 10.55 million passengers took to the skies.

In line with agreements between the SEF and the ARATS, direct cross-strait charter flights commenced in July 2008 with weekend service, which was expanded to daily service in December of that year. Carriers of both sides thereafter could fly across the strait without detouring through Hong Kong's airspace.

In April 2009, the SEF and the ARATS signed a supplementary agreement on scheduled flights between Taiwan's airports and those in mainland China. As a result, two new cross-strait routes were commissioned in July 2009 with 270 scheduled passenger flights per week. As of February 2014, the number of scheduled passenger flights between 54 airports in mainland China and 10 in Taiwan rose to 828 per week, while the number of scheduled cargo flights between nine destinations on the mainland and two in Taiwan increased to 68 weekly.

Airports

The main gateway into the country is the Taiwan Taoyuan International Airport, which served 30 million international and domestic passengers through two passenger terminals in 2013. It is now run by Taoyuan International Airport Corp. Ltd. 桃園國際機場股份有限公司, a state-owned corporation formally established in November 2010 under the auspices of the MOTC. A renovation project launched in 2010



■ To raise service quality and offer weary travelers a comfortable space to unwind, the Taiwan Taoyuan International Airport has set up the Mind Garden library with over 1,200 books in various languages, free Internet access and other amenities. (Courtesy of TTIA)

to revamp Terminal 1 of the airport was completed in July 2013. A rapid transit rail connecting the airport with Taipei City is scheduled for completion by 2015.

Several other airports also provide international service. In 2013, Taipei Songshan Airport 臺北國際航空站, located in downtown Taipei, served 5.85 million international and domestic passengers. Kaohsiung International Airport 高雄國際航空站, connected to the city via the Kaohsiung Metro, served 4.65 million passengers. Taichung Airport 臺中航空站, opening a new international terminal in April 2013, served 1.81 million travelers for the entire year. All three of these airports offer two passenger terminals.

Of Taiwan's 17 airports, nine are located on Taiwan proper (Taipei, Taoyuan, Taichung, Tainan, Taitung, Chiayi, Kaohsiung, Hengchun 恆春 and Hualien) and eight on offshore islands—three on the Penghu Islands 澎湖群島, two on the Matsu Islands 馬祖列嶼, and one each on Lanyu Island

(Orchid Island) 蘭嶼, Ludao Island (Green Island) 綠島 and Greater Kinmen 大金門.

E-traffic Information

The MOTC's Institute of Transportation 交通部運輸研究所 operates a Traffic and Transportation Service Center 交通服務e網通 website that displays real-time traffic conditions around Taiwan, enabling drivers to avoid traffic jams and find alternative routes. Visitors to the bilingual website can obtain information about fares, timetables and routes of long-distance coaches, TRA trains, high-speed trains, flights, and boats plying the waters between Taiwan proper and its sister islands. Also available on the website is information on city buses, intercity buses and rapid transit systems in Taiwan's various urban areas.

Telecommunications

Taiwan's telecommunications market has developed at a rapid pace since liberalization measures were adopted in the mid-1990s with the aim of expediting the improvement of the telecommunications infrastructure. Since 1996, after the opening of mobile, satellite and fixed-line communication services to the private sector, revenues from telecom services have grown 139 percent to reach NT\$371.64 billion (US\$12.48 billion) in 2013. Over this period, mobile phone services' share of telecom revenues has increased from 13 to 58 percent.

Like many other developed nations, Taiwan's mobile phone market faces oversaturation. The penetration rate passed 100 percent in early 2002 and continued to climb, reaching 128 percent in 2013. The market's limited size has led to fierce competition among network operators as they vie to expand their market share through efficiency, value-added services and competitive pricing.

Taiwan Inaugurates 4G in 2014, Eyeing 5G by 2020



The National Communications Commission (NCC) 國家通訊傳播委員會 marked a new milestone in Taiwan's telecommunications industry in October 2013 when it awarded licenses for fourth-generation (4G) mobile broadband services to local operators, opening up a wave of new applications and services.

Taiwan currently has six 4G service providers: Ambit Microsystems Corp. 國基電子股份有限公司, Asia Pacific Telecom Co., Ltd. 亞太電信股份有限公司, Chunghwa Telecom Co., Ltd. 中華電信股份有限公司, Far EasTone Telecommunications Co., Ltd. 遠傳電信股份有限公司, Taiwan Mobile Co., Ltd. 台灣大哥大股份有限公司 and Taiwan Star Cellular Co., Ltd. 台灣之星移動電信股份有限公司.

Since service was inaugurated in the second half of 2014, the NCC has been developing the nation's 4G mobile broadband network through an NT\$15 billion (US\$494 million) four-year project. Efforts include reducing the urban-rural digital divide by encouraging service providers to install base stations in remote areas.

Although Taiwan only recently entered the 4G race, the government is already eyeing a foothold in the still uncontested 5G market. The Executive Yuan Office of Science and Technology 行政院科技會報辦公室 is currently working with the Ministry of Science and Technology and the Ministry of Economic Affairs to devise a plan for delivering 5G technology by 2020.

The number of mobile phones in use exceeded the number of fixed-line telephones for the first time in 2007. Taiwan has three second-generation (2G) and five third-generation (3G) mobile phone and six wireless broadband access (WBA) carriers. WBA carriers began to provide service in July 2010 and had 122,024 users by the end of December 2013. As of then, there were 24.8 million 3G mobile phone subscribers and 4.2 million 2G users.

Digital Television

On July 1, 2012, terrestrial television channels in Taiwan completed a transition from analog to digital TV signal broadcasting. The digital format allows Taiwan's original five terrestrial channels to offer additional services, giving the public access to 20 channels.

In keeping with the Digital Convergence Policy Initiative 數位匯流發展方案 approved by the Executive Yuan in 2010, the cable TV industry is being required by the NCC to move toward comprehensive digitization. A draft amendment to the Cable Radio and Television Act 有線廣播電視法, currently pending legislative approval, would accelerate the digitization of cable TV while increasing competition in previously monopolistic operating areas.

The Internet

Taiwan is one of the best-wired nations in the Asia-Pacific region. In the Networked Readiness Index of the World Economic Forum's *Global Information Technology Report 2014*, Taiwan ranked No. 10 out of the 144 economies surveyed.

A survey conducted by the Taiwan Network Information Center 財團法人臺灣網路資訊中心 in April and May 2013 showed that, among people aged 12 and above in Taiwan, 79.18 percent or 16.45 million used the Internet and 77.44 percent accessed it through broadband connections. Meanwhile, the number of people aged 12 and above who had used wireless Internet (including via mobile devices) in the preceding six months rose from 7.36 million to 11.07 million, a year-on-year increase of 17.59 percent.

NCC data showed that broadband Internet subscriptions (mobile and fixed) stood at 25.11 million at the end of 2013. Among these, some 1.55 million were ADSL, 2.90 million FTTx, 1.15 million cable modem, 31,000 leased lines and 1.38 million public wireless local area network users. Mobile broadband accounts, meanwhile, reached 18.10 million.

Digital Convergence

The Digital Convergence Policy Initiative (2010-2015) is aiming to deliver broadband Internet access to all households in Taiwan. As of the end of 2013, the percentage of households subscribing to 100 Mbps fixed-line broadband service had already reached 89 percent. The initiative's other objectives are to increase household subscriptions to optical fiber networks and wireless broadband accounts to 7.20 million and 11 million, respectively, by 2015.

IPv6 Upgrade Promotion Program

In December 2011, the Executive Yuan approved the IPv6 Upgrade Promotion Program 網際網路通訊協定升級推動方案 to replace Internet Protocol version 4 (IPv4) with IPv6 as the communications protocol that directs Internet traffic. One month later, the IPv6 Upgrade Promotion Office 網際網路通訊協定升級推動辦公室 was established under the National Information and Communication Initiative Committee 行政院國家資訊通信發展推動小組 of the Executive Yuan. Under the program, government agencies are required to finish upgrading all internal networks, databases and computer equipment to IPv6 standards by 2016. As of the end of 2013, 74.7 percent had been upgraded.



RELATED WEBSITES

- ▶ Taiwan Area National Freeway Bureau: <http://www.freeway.gov.tw>
- ▶ Taiwan Railways Administration: <http://www.railway.gov.tw>
- ▶ Ministry of Transportation and Communications: <http://www.motc.gov.tw>
- ▶ Taiwan High Speed Rail Corp.: <http://www.thsrc.com.tw>
- ▶ Taipei Rapid Transit Corp.: <http://www.trtc.com.tw>
- ▶ Kaohsiung Rapid Transit Corp.: <http://www.krtco.com.tw>
- ▶ Civil Aeronautics Administration: <http://www.caa.gov.tw>
- ▶ Taiwan Taoyuan International Airport: <http://www.taoyuan-airport.com>
- ▶ Traffic and Transportation Service Center: <http://e-iot.gov.tw>
- ▶ National Communications Commission: <http://www.ncc.gov.tw>



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11

Health & Welfare





Taiwan's hospitals boast qualified personnel and state-of-the-art facilities, and its people enjoy equal access to medical care under the National Health Insurance system. (Courtesy of *Taiwan Panorama*)



Public Health Health Indices

The overall health of Taiwan's people has improved considerably over the past several decades, with a steady rise in their standards of living and advances in the health and medical sciences. Increasingly sedentary lifestyles and unbalanced diets have given rise to a new set of health challenges, however, with cancer and chronic cardiovascular diseases replacing communicable illnesses as leading threats.

In 2013, cancer accounted for 29.0 percent of all deaths in Taiwan, 50 percent of which were of lung, liver or colorectal cancer (in order of frequency). Nevertheless, increased early detection and screening have reduced the death and disability rates associated with these conditions.

National Health Insurance

Taiwan's public health care system, the National Health Insurance (NHI) 全民健康保險, has been touted worldwide for providing equal access to quality health care. Over 99 percent of ROC nationals are covered by the NHI program. All citizens and foreign residents who have lived in Taiwan for at least six months are required to enroll.

Services

The NHI system was established in 1995 and provides comprehensive and uniform benefits to all covered by the program. The insured have access to more than 20,000 contracted health care facilities around the country providing inpatient and ambulatory care, dental services, traditional Chinese medicinal therapies, obstetric services, physical rehabilitation and chronic mental illness care, among other services. Most forms of treatment, including surgery, are covered by the system, as are examinations, laboratory tests, prescription medication, limited home nursing care and certain over-the-counter drugs.

Premiums and Copayments

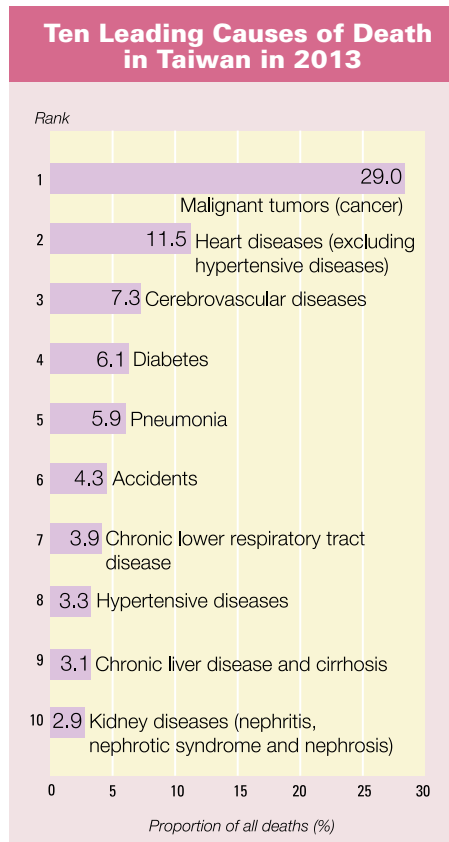
The payment of each insurant's premium is typically divided between the insurant, his or her employer, and the government, with their respective contribution ratios varying based on the nature of the insurant's employment (see table "NHI Premium Contribution Ratios"). Certain groups' premiums are fully subsidized by the government; such coverage was extended to institutionalized convicts by the Second-generation NHI (which is explained in the next section).

The insured have complete freedom of choice of medical service providers. To access an NHI-contracted medical facility or pharmacy in Taiwan, patients need only make a copayment and pay a small registration fee. For inpatient care, a progressive rate depending on the intensity of care and length of stay applies.

Second-generation NHI

Taiwan's graying population, costly new drugs and treatments, as well as lifetime coverage for chronic illness, rare diseases and catastrophic illnesses have strained the NHI's finances. Accordingly, the National Health Insurance Act 全民健康保險法 was amended in January 2011 to expand the premium base while reducing the financial burden on salaried employees.

The revised act requires the government to fund at least 36 percent of the NHI budget, excluding funding



Source: Ministry of Health and Welfare

from tobacco health and welfare surcharges and lottery proceeds. Implemented in January 2013, the Second-generation NHI system features a 2-percent supplementary premium charge on income from part-time work, stock dividends, interest earnings, rental income, professional practice income, and annual bonuses exceeding four months of that employee's salary. All such payments are

NHI Premium Contribution Ratios					
Classification of the Insured			Contribution Ratios (%)		
			Insured	Employers	Government
Category 1	Civil servants, volunteer servicemen, public office holders	Insured and dependents	30	70	0
	Private school teachers	Insured and dependents	30	35	35
	Employees of publicly or privately owned enterprises or institutions	Insured and dependents	30	60	10
	Employers, self-employed independent workers, professionals, technical specialists	Insured and dependents	100	0	0
Category 2	Occupational union members, foreign crew members	Insured and dependents	60	0	40
Category 3	Members of farmers', fishermen's and irrigation associations	Insured and dependents	30	0	70
Category 4	Military conscripts, alternative servicemen, military school students on scholarships	Insured	0	0	100
	Institutionalized convicts	Insured	0	0	100
Category 5	Low-income households	Household members	0	0	100
Category 6	Veterans and their dependents	Insured	0	0	100
		Dependents	30	0	70
	Other individuals	Insured and dependents	60	0	40

Source: Ministry of Health and Welfare

now reported to the National Health Insurance Administration 中央健康保險署 for premium collection.

Medical Care System

Personnel

As of the end of 2013, around 265,800 medical professionals worked in Taiwan. There were 20.51 physicians (including physicians of Chinese medicine) and 5.47 dentists per 10,000 people. In order to ensure that quality medical service is available to all citizens, higher salary and transportation subsidies are offered to doctors and nurses who practice in rural or remote areas.

Medical Facilities

In 2013, there were 495 hospitals and 21,218 clinics operating in Taiwan. These medical institutions had a total of 159,422 beds, or 68.21 beds per 10,000 people.

Health Concerns and Health Promotion

Healthy Birth and Growth

To ensure the health of mothers and infants, prevention of noncommunicable diseases starts early in life: Baby-Friendly Hospitals and preventive health care services are provided, including 10 different free prenatal examinations and a number of subsidized prenatal genetic diagnoses; access to breastfeeding-friendly environments; and newborn screening services with follow-up diagnoses and treatment upon detection of any abnormalities. Centers for assessing child development have been established so that early intervention can be offered for those with developmental delays. Pediatric counseling and seven other preventive services are given to children as well. Separately, there are health promotion plans designed specifically for children's oral and visual health as well as newborn hearing screening programs.

Obesity Prevention and Control

Obesity is associated with non-communicable diseases such as diabetes, cancer, heart disease, cerebrovascular disease, metabolic syndrome, hypertension and dyslipidemia. In 2011, the government launched the “Healthy Centenary, Healthy Taiwan” 健康100臺灣動起來 program to proactively encourage citizens to examine and address obesogenic environments and adopt a healthy lifestyle of “smart eating, joyful moving and daily weighing.” Through comprehensive social action, a nationwide healthy weight management campaign is being promoted in workplaces, hospitals, schools and communities.

Tobacco Hazards Control

In recent years, the public and private sectors have adopted a strict stance on controlling tobacco hazards. The Tobacco Hazards Prevention Act 菸害防治法 prohibits smoking in indoor areas such as workplaces shared by three or more persons, karaoke lounges, restaurants and Internet cafes, as well as in outdoor public areas such as hospital campuses and spaces near the entrances of railway stations. Beginning April 1, 2014, visitors and staff of all public recreation areas, including national parks, may only smoke in designated areas. Furthermore, since January 2009, warning labels on tobacco products have been required by law to cover 35 percent of principal pack surfaces.

The Health and Welfare Surcharge on Cigarettes 菸品健康福利捐 is NT\$20 (US\$0.66) per standard pack. Revenue from this Surcharge goes into the National Health Insurance Reserve Fund 全民健康保險安全準備基金, and is used to subsidize NHI premiums for the economically disadvantaged, as well as to support smoking cessation services, tobacco hazard awareness campaigns, cancer prevention, social welfare and improvement of public health and medical care.

Cancer Control

Cancer has been the leading cause of death in Taiwan since 1982. In response, the government has been implementing

prevention and control measures against risk factors such as tobacco and betel quid hazards while promoting physical activity, healthy eating and obesity prevention.

Meanwhile, the Phase I and Phase II National Cancer Prevention and Control Program 國家癌症防治計畫 have been implemented over the past nine years to reduce mortality rates through education, free screening services, improvement of diagnoses and treatment, and promotion of hospice and palliative care. The third phase of the program (2014-2018) shifts the focus from screening and treatment to prevention. Its three new emphases are:

1. Controlling emerging risk factors (obesity, unhealthy diets and physical inactivity); monitoring and addressing obesogenic environments; conducting the National Nutrition Program 現代國民營養計畫; and doubling the share of the population which exercises regularly.
2. Promoting evidence-based cancer screening policies, especially for precancerous lesions that are precursors of colon cancer and oral cancer.



■ Every autumn the government provides flu vaccinations free of charge to children from six months to 12 years old, seniors aged 65 and over, and patients with rare diseases or catastrophic illnesses. (Courtesy of the Centers for Disease Control)

3. Implementing the Cancer Patient Navigation Program 癌友導航計畫 to make every life count, cure early-stage cancers and provide palliative care for end-stage patients.

Chronic Disease Prevention and Control

National and local public health agencies have joined forces to promote awareness and prevention of hypertension, hyperglycemia and hyperlipidemia. To detect chronic diseases and their risk factors early on, preventive health care services are provided free of charge to people aged 40 to 64 every three years and to aborigines aged over 55 and others aged over 65 annually. Additionally, a nationwide network for chronic disease care has been constructed, and Taiwan's 22 counties and cities have joined diabetes shared care networks and diabetes/chronic kidney disease health promotion institutions to further enhance care quality.

Active Aging

Due to its low fertility rate, Taiwan is expected to become an aged society, defined as a society in which over 14 percent of the population is age 65 or above, by 2018, and a super-aged society, in which senior citizens account for at least one-fifth of the total population, by 2025.

To raise the quality of life of the nation's senior citizens and slow the progression of chronic diseases, the Ministry of Health and Welfare (MOHW) has supported age-friendly cities, age-friendly health care, health promotion for the elderly, and prevention and control of chronic diseases, among primary initiatives.

Rare Diseases

In addition to ensuring the availability of comprehensive health care through the NHI system, in cases where expenses are not covered under the National Health Insurance Act, the MOHW subsidizes the costs of diagnosis, treatment, pharmaceuticals and special nutrients for patients with rare diseases under the Rare Disease and Orphan Drugs Act 罕見疾病防治及藥物法. It also maintains a distribution logistics center for nutrients and orphan drugs specially formulated for treatment of

rare diseases and subsidizes laboratory testing in partnership with other nations.

Health Surveillance

In order to establish a systematic national health surveillance system on non-communicable diseases for continuous data collection, analysis, and dissemination, community-based face-to-face interviews, telephone surveys, and in-school student self-administered questionnaires targeting all or cross-sections of the population have been conducted periodically. Together with the well-established birth reporting system and disease registration for cancer or other major diseases, a comprehensive health surveillance system on non-communicable diseases can be gradually developed and steadily enhanced to provide empirical data for policy making and program evaluations.

Long-term Care

Demographic aging, longer life expectancy and changes in disease patterns have increased the need for long-term care. In 2007 the Executive Yuan launched the National 10-year Long-term Care Plan 我國長期照顧十年計畫, under which subsidies are available for four groups of people who need assistance in their daily lives because of a functional disorder: people over 65 years of age, indigenous people over 55 in mountainous areas, handicapped people over 50 and elderly people living alone who need help with “instrumental activities of daily living.”

The subsidies cover home nursing care and rehabilitation, acquisition or rental of auxiliary appliances, and adaptation of homes into access-free environments as well as meals, transportation, respite care and other institutional services.

A draft Long-term Care Services Act 長期照護服務法 is currently under legislative review. The MOHW is creating a Long-term Care Service Network 長期照護服務網 plan from 2013 to 2016 to establish long-term care institutions, ensure quality control, train personnel and develop resources in rural areas. A draft Long-term Care Insurance Act 長期照護保險法 is expected to be enacted afterward.

Communicable Diseases

Prevention and control of infectious diseases such as tuberculosis, hepatitis, dengue fever and enterovirus have significantly improved in Taiwan in recent decades. In addition to the Communicable Disease Control Act 傳染病防治法, several disease surveillance systems, including the Real-time Outbreak and Disease Surveillance System 即時疫情監視及預警系統, the School-based Surveillance System 學校傳染病監視通報資訊系統 and the Taiwan Nosocomial Infections Surveillance System 院內感染監視通報系統, have been established to collect timely, comprehensive and precise information on infectious diseases. Meanwhile, the MOHW's Centers for Disease Control 衛生福利部疾病管制署 has been working in collaboration with medical care and academic research institutes to better understand epidemic conditions and formulate preventive and control measures.

Traditional Chinese Medicine

Traditional Chinese medicine is a popular alternative for health care therapy. As of 2013, Taiwan had 5,977 licensed practitioners, 3,274 pharmacies and 3,561 Chinese medicine clinics and hospitals.

The MOHW's Department of Chinese Medicine and Pharmacy 衛生福利部中醫藥司 oversees the practice of Chinese medicine in Taiwan and supports research on pharmaceutical development, acupuncture and other traditional practices. The manufacture and sale of traditional Chinese medicines in Taiwan is subject to strict regulations as well as mandatory certification procedures.

Regulation and Oversight

The MOHW's Food and Drug Administration (FDA) 衛生福利部食品藥物管理署 ensures food and drug safety and is a liaison on such matters for the public. With inspectors stationed at all entry points to the country, the FDA is responsible for assuring the safety and effectiveness of human

drugs, vaccines and other biological products, medical devices, dietary supplements, foodstuffs and cosmetics.

Food Safety

Several food safety management mechanisms have been set up in Taiwan to address basic food production processes, food processing in factories and slaughterhouses, temperature controls during transportation,



Stricter Food-related Regulations Adopted to Ensure Food Safety

The Legislative Yuan (Legislature) 立法院 passed amendments to the Act Governing Food Safety and Sanitation 食品安全衛生管理法 in both May 2013 and January 2014 to end the use of unapproved additives in food products and safeguard public health. The amendments focused on food testing, inspection and control as well as strengthening food safety risk management.

The revised act requires that related government agencies set up a food safety monitoring system and that local food manufacturers establish a tracking system for the production and trade of food. Certain manufacturers are required to conduct a self-inspection of their ingredients and products or send them to third-party laboratories for examination.

Penalties have been stepped up on an array of illegal food-related activities. The maximum fine for food found to contain expired materials, ingredients harmful to human health or excessive herbicide or veterinary drug residue was raised to NT\$50 million (US\$1.65 million). Those who adulterate food with counterfeit or unapproved additives are subject to a maximum five years in prison. In the case that this violation leads to a fatality, the offender could face life imprisonment and a fine of NT\$20 million (US\$659,000). Manufacturers that intentionally mislabel or exaggerate the functions of products could face a fine of up to NT\$4 million (US\$132,000).

food storage and handling in retail operations and food preparation at eateries. Other mechanisms include inspection of imported products, promotion of food safety education in schools and monitoring of advertisements.

The FDA has established a task force to assess risks in food products and the environment arising from chemical contaminants, food additives, pesticides, heavy metals and biological toxins. Such assessments provide a scientific foundation for risk management and formulation of food safety policies.

Taiwan also participates in a number of food-related world bodies. Through such cooperative forums, it strives to establish national food safety standards that comply with international norms.

Pharmaceutical Regulation

The ROC implemented Good Manufacturing Practices 優良藥品製造標準 for the pharmaceutical industry in 1982 and current Good Manufacturing Practices (cGMP) 現行優良藥品製造標準, which are more stringent standards, in the 1990s. Such certifications are subject to both routine and impromptu inspections.

Since 2010, pharmaceutical manufacturers in Taiwan have been required to bring their practices in line with the standards of the international Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation Scheme (PIC/S), with full compliance expected to be achieved by the end of 2014. The MOHW applied to join the PIC/S in June 2010 and was awarded membership in early 2013.

Under new standards scheduled for implementation in January 2015, all pharmaceutical manufacturers must obtain the authorization of the MOHW based on their PIC/S GMP inspection results. The manufacturers shall be subject to regular and random inspections to make sure of their compliance.

Social Welfare

In 2014, the central government allocated NT\$423.64 billion (US\$13.95 billion) to public welfare, accounting for 22.1



ROC Government Establishes Cosmetic Surgery Accreditation

The aesthetic medicine industry is gaining ground in Taiwan as more and more people request cosmetic treatment. In an effort to ensure the safety and service quality of this field, the MOHW unveiled an accreditation program for cosmetic surgery and anti-aging medicine in September 2013.

The program includes assessment of medical institutions, practitioner qualifications and service advertisements against a wide spectrum of criteria. The institutional reviews focus on regulatory compliance, qualification and training of medical staff, safety and risk control procedures as well as services and quality.

The initiative also stipulates minimum hours of professional training for practitioners, including a demand for an MOHW-approved private-sector committee to offer such training programs and map out relevant guidelines.

Currently there are about 1,200 beauty clinics and centers in Taiwan. Those awarded MOHW certification will receive a green certificate for lower-risk procedures, such as skin treatment employing lasers, intense pulsed light and injections, and a pink certificate for more invasive surgeries including bone reduction, breast enlargement, double eyelid surgery and liposuction.

percent of its total budget. The target groups may be summarized as follows.

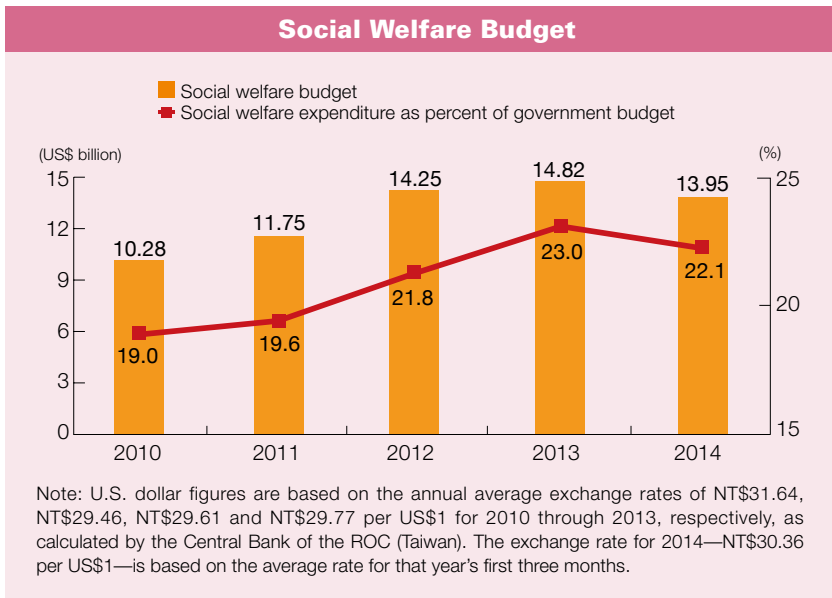
Children

Taiwan's under-18 age group (referred to herein as "children") has been shrinking in recent years as birth rates have declined. To encourage childbearing and reduce the burdens of childrearing, child care subsidies have been made available for certain families since January 2012. To receive such subsidies, a family must have at least one child

under the age of two who is either in day care or under the supervision of a certified nanny. Additionally, the family must be a double-income household with a combined annual net income to which an income tax rate of less than 20 percent applies.

Moreover, a 2009 amendment to the Employment Insurance Act 就業保險法 entitles each parent of a newborn who is covered by employment insurance and who elects to take unpaid parental leave to receive a monthly Employment Insurance Fund 就業保險基金 allowance for up to six months. The allowance amounts to 60 percent of one's average insured monthly salary during the last six months before taking leave.

Since 2009, subsidies have been available for medical treatment of children under the age of 18 belonging to households in the low- and lower-middle-income brackets (see “Disadvantaged Households” section for bracket definitions). Children whose basic living needs



Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan

are jeopardized are entitled to receive emergency subsidies for up to six months at a time, while mentally or physically challenged children can also receive aid for early treatment and education.

Since 2007, an all-encompassing safety program has been implemented to protect children. The program covers protection from domestic violence and sexual abuse; keeping school environments safe and free of violence, drugs and gangs; enforcement of rating systems for print media, television and Internet content; and ensuring the safety of food, toys and transportation vehicles.

A system for reporting and preventing child abuse has been established in line with the Protection of Children and Youths Welfare and Rights Act 兒童及少年福利與權益保障法, the Domestic Violence Prevention Act 家庭暴力防治法 and the Sexual Assault Crime Prevention Act 性侵害犯罪防治法. The Protection of Children and Youths Welfare and Rights Act requires that persons and government agencies responsible for children's well-being must take immediate action to protect them upon discovering or being informed of any condition that endangers their well-being. The system includes 24-hour hotlines, medical treatment and protective placement as well as assistance by police and prosecutorial authorities.

Other legal protections for children can be found in the Criminal Code of the Republic of China 中華民國刑法, which requires lengthy prison sentences for adults who engage in sexual intercourse with children under 16; the Child and Youth Sexual Transaction Prevention Act 兒童及少年性交易防制條例, which mandates imprisonment, detention and fines for commercial transactions involving sexual exploitation of minors under the age of 18; and the Labor Standards Act 勞動基準法, which stipulates that youngsters under 15 may not work unless they have already graduated from junior high school and been approved by a competent authority and that they, as well as all 15-year-olds, shall be considered child workers who may not work more than eight hours a day, work night shifts, or handle heavy or hazardous work.

The Elderly

Taiwan became an aging society as defined by the World Health Organization when its elderly population (65 or older) crossed the 7-percent threshold in 1993. At the end of 2013, 11.53 percent of the population was elderly.

The Senior Citizens Welfare Act 老人福利法 addresses the rights and welfare of the elderly, providing for an annuity system to safeguard the financial security of elderly people as well as living subsidies and special care allowances for financially disadvantaged senior citizens. The act stipulates that offspring or contractual welfare institutions that mistreat, abuse or abandon elderly people are subject to fines; that their names be published; and that individual offenders attend family education courses.

Under the National 10-year Long-term Care Plan, whose 10-year budget is NT\$81.70 billion (US\$2.69 billion), the MOHW allocates funds to local governments for the provision of day care and home care for the elderly and



■ A new social movement launched by New Taipei City to get seniors to eat together not only provides group meals for the elderly but also opens a window to social engagement, giving them opportunities to interact with neighbors. (Courtesy of *Taiwan Panorama*)

for setting up support centers that teach nursing skills to family members and professional caregivers.

Other services provided include free health checkups and influenza vaccinations; discounts on public transportation and access to cultural and educational facilities; day care and home care services; lifelong learning programs and social activities; and free meal delivery.

Currently 1,037 publicly and privately funded care centers provide institutional care services to the elderly. Senior citizens in low- and lower-middle-income households who are not receiving institutional care are granted monthly living allowances of NT\$7,200 (US\$237) and NT\$3,600 (US\$119), respectively.

In addition, local governments provide a monthly special care allowance of NT\$5,000 (US\$165) to low- and lower-middle-income households taking care of elderly persons unable to perform basic activities of daily living. In 2013, around 9,000 households received such subsidies. They also received subsidies for hospital care and denture implants.

The Disabled

As of the end of 2013, 4.81 percent of Taiwan's population was registered as disabled. A variety of public and private institutions serve people with specific disabilities such as vision, hearing and speech impairments, autism and chronic psychosis. Services provided range from long-term nursing care to training and development programs.

The physically challenged receive tax exemptions, free-of-charge public transportation and access to public recreational and scenic spots, subsidies for medical expenses and social insurance premiums, preferential loans, and vocational guidance and training. Disabled persons are entitled to an income-tax deduction of NT\$104,000 (US\$3,426), while disabled students enjoy tuition reductions ranging from 40 to 100 percent, depending on the severity of their condition, if the annual income of the household to which they belong is less than NT\$2.20 million (US\$72,500).

Other financial support for the disabled includes monthly national pension payments and, for those in low- and lower-middle-income households, monthly living allowances ranging from NT\$3,500 (US\$115) to NT\$8,200 (US\$270). Those who reside in caregiving facilities are also subsidized up to NT\$20,000 (US\$659) per month, depending on their household income and degree of disability.

The People with Disabilities Rights Protection Act 身心障礙者權益保障法 requires that disabled persons constitute at least 1 percent of the work force at private enterprises with 67 or more employees and at least 3 percent of the work force at government offices, public schools and state-owned enterprises with 34 or more employees. Employers can receive monthly reimbursements of NT\$12,000 (US\$395) for each disabled person employed after reference by a public job placement center. Persons with disabilities participating in state-run or government-commissioned vocational training programs can receive allowances equal to 60 percent of the nation's minimum monthly wage for up to one year.

Indigenous Groups

Taiwan's indigenous peoples constitute approximately 2 percent of the total population. The Indigenous Peoples Basic Act 原住民族基本法 obligates the central government to provide resources to help indigenous groups govern their own affairs, formulate policies to protect their basic rights, and promote the preservation and development of their languages and cultures.

The Indigenous Peoples Employment Rights Protection Act 原住民族工作權保障法 stipulates that indigenous peoples should make up at least 1 percent of the work force at government agencies, public schools and state-owned enterprises with 100 or more employees and at least one-third of the work force for any such organizations if they are located in indigenous communities.

Other services provided include living allowances for indigenous senior citizens; subsidies for preschool day care and nursery care; emergency assistance; tuition subsidies,

scholarships and work-study grants; indigenous community health services; low-interest housing loans and rent subsidies; and subsidies for National Health Insurance premiums and medical treatment.

Farmers

The Farmers' Health Insurance (FHI) 農民健康保險 program, which includes cash benefits for disability, maternity and funeral expenses, provides coverage to all people who are 15 years of age or older and engage in agricultural work more than 90 days a year or who are members of a farmers' association.

In addition, farmers aged 65 and older are entitled to a monthly pension of NT\$7,000 (US\$231) so long as they have been insured under the FHI for over 15 years and are not receiving pension payments from other social insurance programs.

Disadvantaged Households

In accordance with the Public Assistance Act 社會救助法, the MOHW, together with local government agencies, implements a variety of programs that provide financial and practical assistance to low and lower-middle-income households. Some provide relatively long-term aid, others short-term aid in emergency situations.

Low-income households are defined as those whose monthly average per-member gross income is less than the monthly "minimum living expense" level of the region in which they reside, which is defined as 60 percent of the average monthly disposable income there. Lower-middle-income households are defined as those whose monthly average per-member gross income is less than 1.5 times the region's monthly minimum living expense.

The MOHW's Immediate Assistance Program 馬上關懷急難救助 provides short-term emergency living subsidies and practical relief to disadvantaged households as well as to households whose well-being is threatened by the recent

death, disappearance, unemployment, severe injury or illness of their chief income earners. Emergency aid ranging between NT\$10,000 (US\$329) and NT\$30,000 (US\$988) is provided along with a variety of welfare services.

The Act of Assistance for Family in Hardship 特殊境遇家庭扶助條例 stipulates that single parents of families whose basic needs are not being met due to extraordinary contingencies shall be provided with subsidies encompassing a wide variety of emergency conditions, including payments for daily living costs, health care, children's education, legal expenses and interest payments on business startup loans.

National Pension

The national pension 國民年金 serves citizens who are not covered by social insurance programs for laborers, farmers, members of the military, civil servants and teachers, ensuring that the vast majority of citizens receive regular, lifelong pension benefits. As of the end of 2013, 3.7 million people were covered by the program.

Insurants may join the program after turning 25 years of age and receive monthly payments for the rest of their lives upon reaching the age of 65, with each citizen's payment amount depending on how much he or she paid into the system over the years. Those who were already 65 at the time of the program's implementation are exempt from paying premiums but receive monthly payments of NT\$3,500 (US\$115). Low-income and severely disabled insured persons pay no premiums, while different levels of premium subsidy, ranging from 55 to 70 percent, are provided to less disadvantaged individuals.

Labor Pension and Labor Insurance Annuity

The Labor Pension Act 勞工退休金條例 allows workers to join the labor pension program administered by the Bureau of Labor Insurance (BLI) 勞工保險局. The program offers portable individual labor pension accounts

into which successive employers pay monthly premiums amounting to at least 6 percent of their employees' monthly wages, while employees may elect to contribute up to 6 percent of their salary themselves.

Persons who reach the age of 60 after having participated in the program for at least 15 years are eligible to begin receiving monthly pension payments regardless of whether they are still working. Those 60 or over who have been in the program for less than 15 years cannot receive monthly payments and must withdraw their labor pension in one lump sum.

Workers insured before January 2009 can choose to receive annuity payments monthly until they pass away or to collect a lump sum, while workers insured after January 2009, when the Labor Insurance Annuity (LIA) scheme 勞保年金制度 was implemented, can only receive monthly payments. Like the aforementioned labor pension system, the LIA program is administered by the BLI.

In response to demographic changes, the government is currently planning amendments to the labor pension program as well as the military, civil servant and teacher pension programs to ensure their long-term sustainability.



RELATED WEBSITES

- ▶ Ministry of Health and Welfare: <http://www.mohw.gov.tw>
- ▶ National Health Insurance Administration: <http://www.nhi.gov.tw>
- ▶ Health Promotion Administration: <http://www.hpa.gov.tw>
- ▶ Centers for Disease Control: <http://www.cdc.gov.tw>
- ▶ Department of Chinese Medicine and Pharmacy, Ministry of Health and Welfare: <http://www.mohw.gov.tw/CHT/DOCMAP/>
- ▶ Food and Drug Administration: <http://www.fda.gov.tw>
- ▶ Council of Indigenous Peoples: <http://www.apc.gov.tw>
- ▶ Ministry of the Interior: <http://www.moi.gov.tw>
- ▶ Bureau of Labor Insurance: <http://www.bli.gov.tw>



12

Mass Media





A throng of journalists quickly converges on the scene of a breaking news event. The high density of news outlets in Taiwan can be attributed to media deregulation and an open society.



News Agencies

Taiwan has one of the freest media in Asia, with intense competition among thousands of news agencies offering breaking news, economic intelligence and a variety of political viewpoints.

The largest and oldest among the outlets is the Central News Agency (CNA) 中央通訊社, established in 1924 in mainland China and relocated to Taiwan in 1949. It served as the Republic of China's (ROC) official news agency until 1996 when it was reorganized as an autonomous newsgathering organization, though it is still funded in part by the central government. Providing news around the world in Chinese, English, Spanish and Japanese, CNA also operates the largest online photo sales platform in Taiwan. Capitalizing on its worldwide newsgathering network, in 2010 the agency expanded into video news, furnishing clients with video clips of the latest news.

Another prominent news agency, the China Economic News Service 中國經濟通訊社, was founded in 1974 to provide overseas buyers with up-to-date business and economic news as well as contact and background information on Taiwanese suppliers. In addition, the Military News Agency 軍事新聞通訊社 is the only domestic news agency that specializes in news about the ROC armed forces.

Print Media

Newspapers

According to The Nielsen Co., newspaper readership in Taiwan peaked at 76.3 percent in 1991 and has steadily declined since then. Print editions of newspapers continue to lag behind television and the Internet in terms of penetration rate. Newspapers have responded by going digital, delivering news to readers via online and mobile platforms.

Taiwan's major Chinese-language dailies are the *China Times* 中國時報, the *United Daily News* 聯合報, *The Liberty Times* 自由時報 and the *Apple Daily* 蘋果日報. (Unless otherwise

indicated, newspapers and magazines mentioned below are Chinese-language publications.)

Founded in 1950, the *China Times* has repositioned itself as an intellectually more sophisticated paper that provides extensive coverage of international affairs. Its electronic media operations include the terrestrial TV station China Television Co. 中國電視公司 and satellite TV channel CTI Television, Inc. (CtiTV) 中天電視. Sister publications of the *China Times* include the *Commercial Times* 工商時報, the *China Times Weekly* 時報周刊 and the *Want Daily* 旺報, a newspaper launched in 2009 targeting Taiwanese readers interested in mainland Chinese business affairs.

Founded in 1951, the *United Daily News* continues to enjoy a loyal readership. Its sister publications include



Online News and Converged Media

To satisfy a growing Internet-savvy population, many traditional newspapers have added online platforms to their print work while stand-alone online publications have also been on the rise in recent years. Today, the two largest online news publications in Taiwan are *ETtoday* 東森新聞雲 and *NOWnews* 今日新聞. Other choices include *cnYES* 鉅亨網, specializing in financial news; *New Talk* 新頭殼, which aims for independent reporting, media reform and citizen participation; and *Storm Media Group* 風傳媒, featuring international news and political investigations.

A number of online news publications are also available in English, including *Taiwan News*, CNA's *Focus Taiwan*, as well as the government-sponsored *Taiwan Today*, published in English and Japanese.

Awakening News Network 台灣醒報, launched in 2008, is the first domestic news provider aiming to span print, television, radio, the Internet and mobile applications. Targeting an elite readership, the network offers in-depth reporting and non-sensational content.

the *Economic Daily News* 經濟日報 and the *United Evening News* 聯合晚報, which has been Taiwan's sole evening paper since 2005.

The Liberty Times, which began operations in 1988, bills itself as a guardian of the fourth estate and defender of Taiwan's local ideology. Its motto "Taiwan Foremost, Liberty First" reflects its more progressive stance.

The debut of the *Apple Daily* in 2003 shook up the newspaper market by offering tabloid-style excitement. Like its parent paper of the same name founded in Hong Kong, the Taiwan edition has carved out a niche by publishing intriguing accounts and photos of celebrities and figures in the worlds of politics, entertainment and sports.

Recent years have seen the rise of giveaway newspapers. Among them, *Upaper* targets the nearly 2 million daily Taipei Metro 臺北捷運 passengers. Another free newspaper the *Sharp Daily* 爽報, is available in Taipei and Kaohsiung 高雄 cities; it shares news content with the *Apple Daily* and had an average daily circulation of about 170,000 in 2013.

For foreign residents in Taiwan wishing to keep abreast of local and world affairs, the *Taipei Times* and *The China Post* are the two printed English dailies to choose from.

Magazines

An increasing number of consumers are reading magazines online as publishers offer more access via mobile applications. Market surveys show that magazines on finance and business management, news and current affairs as well as fashion are the most popular among Taiwan's reading public.

Leading periodicals on finance and business management include the *Business Weekly* 商業周刊, *Business Today* 今周刊, *CommonWealth* 天下雜誌, *Smart* 智富月刊 and *Wealth* 財訊雜誌, while *Next Magazine* 壹週刊, the *China Times Weekly*, the *Ming Pao Weekly* 明報周刊, the *TVBS Weekly* TVBS周刊 and the *Global Views Monthly* 遠見雜誌 are readers' top choices for news and current affairs.

Taiwan remains an attractive market for publishers of internationally known periodicals. Some, such as *Time*,



Taipei International Book Exhibition

One of Asia's largest annual book fairs, the Taipei International Book Exhibition (TIBE) 臺北國際書展 serves as a channel for disseminating market information, developing business relationships and marketing publishing rights. Aside from displaying about one million Chinese-language and foreign publications, the event also features several theme exhibitions and offers hundreds of lectures and book launches by writers and illustrators.

The 22nd TIBE, held from February 5 to 10, 2014, centered on the theme "Asian publishing, knowledge and information exchanges." This year featured not one but four theme countries—namely Japan, Thailand, South Korea and Singapore, all members of the Asia Pacific Publishers Association. TIBE 2014 also introduced a new section devoted to independent bookstores and a special exhibit on Taiwan's superb printing technology. A total of 648 publishers from 68 countries participated in the event, which attracted about 502,000 visitors this year.

Newsweek and *The Economist*, offer direct subscription services or distribute their publications through bookstores, while others publish Chinese-language editions in pursuit of a wider readership. The Chinese editions of fashion magazines such as *Vogue*, *Marie Claire*, *Cosmopolitan*, *ELLE* and *ViVi* have long enjoyed top spots in Taiwan's sales charts. Those of *National Geographic* magazine, science magazines such as *Scientific American* and *Newton*, as well as sports and leisure magazines such as *Golf*, *XXL*, and *Car and Driver* have also succeeded in carving out a niche in Taiwan's magazine market.

The success of English-learning magazines is also a noteworthy feature of Taiwan's media market. *Studio Classroom* 空中英語教室 and *Let's Talk in English* 大家說英語,



■ Eslite, one of the largest bookstore chains in Taiwan, has built a trendy space at the Songshan Cultural and Creative Park in Taipei. In addition to a bookstore, the complex incorporates exhibitions, dining, handicrafts and fashion shops. (Courtesy of *Taiwan Panorama*)

both associated with radio and TV programs, have ranked among the top 20 best-selling magazines for many years.

Taiwan Panorama 台灣光華雜誌, established in 1976, is an important periodical that offers international readers in-depth insight into Taiwan's society and culture. It is published in two editions featuring parallel texts, one with Chinese and English, the other with Chinese and Japanese.

Books

Implemented in Taiwan since 1989, the International Standard Book Number (ISBN) system has become a bellwether for growth in the island's publishing industry. In 2013, the industry saw about 42,100 new book titles with ISBN codes.

Kingstone 金石堂 and Eslite 誠品 are the nation's two largest chain booksellers, and Books.com.tw 博客來 its most

prominent online bookstore. Among book publishers, the majority are small, independent firms while a score of large publishers are affiliated with media conglomerates enjoying ample financial and marketing resources.

In addition to works of fiction, books on personal and career development as well as health and fitness have a wide appeal among Taiwanese readers, with translations of foreign books continuing to sell well in 2013. About 22 percent of the new book titles published in 2013 are translated works, with Japan, the United States, South Korea and the United Kingdom the main sources for book licensing.

Digital Publishing

The digital publishing industry has seen faster growth than paper books in recent years, producing about 1,200 new e-book titles with ISBN codes in 2013. Publishers have become increasingly optimistic about the future of the e-book market, as private-sector interest in developing digital content has grown, e-book platforms have been launched and e-reading devices are available at affordable prices.

Several e-book platforms have been established in recent years by major telecommunications service providers in cooperation with local publishers. Among the leading e-book stores is Hami Bookstore 華研書城, launched in October 2009 by mobile service provider Chunghwa Telecom 中華電信. Joining the market in July 2010 was eBook Town 遠傳e書城, an affiliate of Far Eastone Telecommunications 遠傳電信. Established in November 2010 by Taiwan Mobile 台灣大哥大, myBook myBook書城 offers titles from more than 100 publishers as well as an audio publication inventory that includes language learning and business management.

Broadcast Media

Radio

As of March 2014, Taiwan had 171 radio stations. Most of them began operation only after 1993, when media liberalization resulted in the release of more radio frequencies



■ The Pop Network studio, owned by the Taipei-based Broadcasting Corp. of China, is home to the first and oldest FM radio network in the country. (Courtesy of *Taiwan Review*)

for commercial use. This sharp increase in the number of stations, however, has been accompanied by a declining number of listeners. Despite facing a challenging future, radio broadcasting continues to maintain a viable share of the media market. Surveys have found that music stations are the most popular. In second and third places are variety stations and news stations, respectively.

Radio Taiwan International 中央廣播電台, funded by the government, creates and broadcasts programs to regions around the world in 13 languages, highlighting Taiwan's culture, society, and political and economic affairs. While most radio programs are in Mandarin or Holo 河洛語, some are produced in Hakka 客語, Cantonese 粵語, English and other foreign languages.

International Community Radio Taipei 台北國際社區廣播電台—ICRT—is the island’s only predominantly English-language radio station, and broadcasts talk shows, news reports and Western pop music. In addition, a dozen other radio stations air programs in English, Thai, Indonesian and Vietnamese, providing tens of thousands of Southeast Asians working in Taiwan with practical information about Taiwan, local labor regulations and news from their homelands.

Among Taiwan’s seven nonprofit, public service radio stations are National Education Radio 國立教育廣播電台, which



Ensuring Safe Media Content for Kids and Teens

To encourage the television broadcasting industry to produce more quality children’s programs and help parents decide which contents are suitable for their kids, the National Communications Commission (NCC) 國家通訊傳播委員會 in 2012 launched a new system to rate television shows for children under the age of 12. Twice a year, a panel of media experts, teachers, parents and representatives of private groups reviews new children’s programs, produced domestically or abroad, to be aired for at least one season. Shows that are approved are rated as appropriate for specific age groups (2-6, 7-9, 10-12 or 7-12) and may display the seal of approval during broadcasts. For the second half of 2013, 71 programs aired by 15 television broadcasting companies made the recommended list.

Furthermore, to ensure safe online content for children and teenagers, the NCC established the Institute of Watch Internet Network (iWIN) 網路內容防護機構 in August 2013. The iWIN studies Internet usage by children and teenagers, operates a complaint mechanism for inappropriate content, and promotes content filtering software. It is also pushing for a content rating system and encouraging website operators to regulate themselves.

primarily offers educational and language-learning programs, and the Police Broadcasting Service 警察廣播電台, which specializes in round-the-clock traffic and news reports.

Television

Terrestrial Television

Taiwan's television industry dates back half a century to 1962. In its first three decades, TV broadcasting was monopolized by three terrestrial stations—Taiwan Television Enterprise 臺灣電視公司, the Chinese Television System (CTS) 中華電視公司 and China Television Co. The industry has become highly diversified since 1993, when multi-channel cable and satellite television system operators and content providers officially entered the market. Competition further intensified with the launching of two additional terrestrial broadcasters—Formosa Television 民間全民電視公司 in 1997 and the Public Television Service (PTS) 公共電視 in 1998.

Established in 2006, the Taiwan Broadcasting System 臺灣公共廣播電視集團 is the umbrella organization for several publicly funded television enterprises, including PTS, CTS, Hakka TV 客家電視 and Taiwan Macroview TV 臺灣宏觀電視, which produces and distributes Chinese-language programs about Taiwan worldwide. This array of programming, along with the Taiwan Indigenous Television 原住民族電視台 under the Indigenous Peoples Culture Foundation

Broadcast Media Profile	
Radio stations	171
Terrestrial (wireless) television stations	5
Cable television system operators	56
Satellite broadcasting program providers (277 channels)	107
Satellite broadcasting service operators	7

Source: National Communications Commission, March 2014



Title Sponsorship, Embedded Marketing Rules Eased for TV

To improve the quality of Taiwan's television shows and market these programs domestically and abroad, the NCC eased regulations on title sponsorship and embedded marketing in October 2012.

By allowing sponsors to pay for having their names displayed before the TV program title or for having their goods appear in the show itself, this measure has helped increase funding for Taiwanese television companies. According to an NCC survey in April 2013, some broadcasting networks reported 3-percent to 5-percent increases in revenues, while others said they were able to add 25 percent more funding for drama productions.

原住民族文化事業基金會, caters to audiences often overlooked by commercial television, such as minority groups, children, senior citizens and the hearing-impaired.

In June 2012, a nationwide transition among terrestrial stations ending analog TV signals in favor of digital broadcasting was completed under the supervision of the NCC. The changeover has freed up bandwidth and facilitates high-definition content-rich television programming.

Cable Television

Cable TV is overwhelmingly preferred to terrestrial television, as Taiwan's mountainous terrain and high-rises in urban areas often result in poor reception. NCC statistics show that as of March 2014, cable television had an analog household penetration rate of 60.10 percent with nearly 5 million subscribers. That same month, a total of 107 satellite broadcasting program providers offered 277 channels via satellite to 56 cable television system operators.

Movies are the most popular among television viewers in Taiwan, followed in order by news broadcasts, variety and entertainment programs, food and travel shows, and dramas. Widely carried foreign film channels, all of which provide Chinese subtitles, include HBO (Home Box Office), Cinemax and Star Movies. The most watched domestic news channels include TVBS-N, SET 三立, CtiTV and ETTV 東森, known for their large fleets of satellite newsgathering vehicles for live coverage of important events and breaking news.

Live telecasts of local and foreign baseball and basketball league games, along with a wide selection of other sports programming, are available on Star Sports 衛視體育台, FOX Sports and Videoland Sports 緯來體育台. Widely carried foreign-origin children's channels, meanwhile, include the Disney Channel and the Cartoon Network.

Launched in 2010, Next TV 壹電視 offers news, variety and movies channels via an Internet platform in cooperation with telecom operators. Some of its programs are also aired on cable television. Its news channel has become well-known for using computer animation to depict news events.

Digital Transition

The NCC is pushing the cable TV industry toward full digitization and is also allowing competition for subscribers over a greater number of service areas than before. An amendment to the Cable Radio and Television Act 有線廣播電視法 approved by the Executive Yuan 行政院 and pending legislative approval would, in addition to revising provisions promoting cable television digitization, lift the previous limitation of cable system operators to their licensed franchise areas in order to spur competition in areas where market structures were previously monopolistic.

Cable system operators have expressed support for the government's call for full digitization. As of March 2014, 52.33 percent of cable television subscribers had also switched to digital systems.

An increasing variety of digital video programming is also available via the Internet. Chunghwa Telecom, for instance, operates an Internet Protocol television platform known as MOD (Multimedia on Demand). Pay-per-view movies and other programs are offered in addition to a basic channel package.



RELATED WEBSITES

- ▶ Central News Agency: <http://www.cna.com.tw>
- ▶ Focus Taiwan: <http://focustaiwan.tw>
- ▶ Radio Taiwan International: <http://www.rti.org.tw>
- ▶ Public Television Service: <http://www.pts.org.tw>
- ▶ Taiwan Macroview TV: <http://www.pts.org.tw/macroview>
- ▶ Taiwan Indigenous Television: <http://titv.ipcf.org.tw>
- ▶ Taiwan Today: <http://www.taiwantoday.tw>
- ▶ National Communications Commission: <http://www.ncc.gov.tw>



13

Education





With a ceremonial toss of the cap, another class of graduates celebrates the completion of their university degree program. About 27 percent of the population in Taiwan have degrees in higher education. (Courtesy of Kaohsiung Medical University)



Mainstream Education

Citizens of the Republic of China (ROC) have a variety of quality education resources. For decades, a nine-year compulsory and universal education system has been implemented, reducing the illiteracy rate to 1.61 percent at the end of 2013. Beginning from the 2014-2015 school year, national fundamental education was extended to 12 years. The number of universities has also increased dramatically in recent years in tandem with a shift among young people toward higher academic degrees.

Preschool

In 2013, about 94 percent of 5-year-old children attended preschools. To provide equal opportunities for preschool-age children and help parents defray the cost of such education, the government has partially subsidized preschool attendance since August 2011, providing up to NT\$14,000 (US\$475) per school year for a child to attend a public preschool and NT\$30,000 (US\$1,018) for education in a private institution. As of school year 2013-2014, roughly 30 percent of all preschools were public.

Elementary to Junior High School

The National Education Act 國民教育法 stipulates that all children from ages 6 to 15 must attend six years of

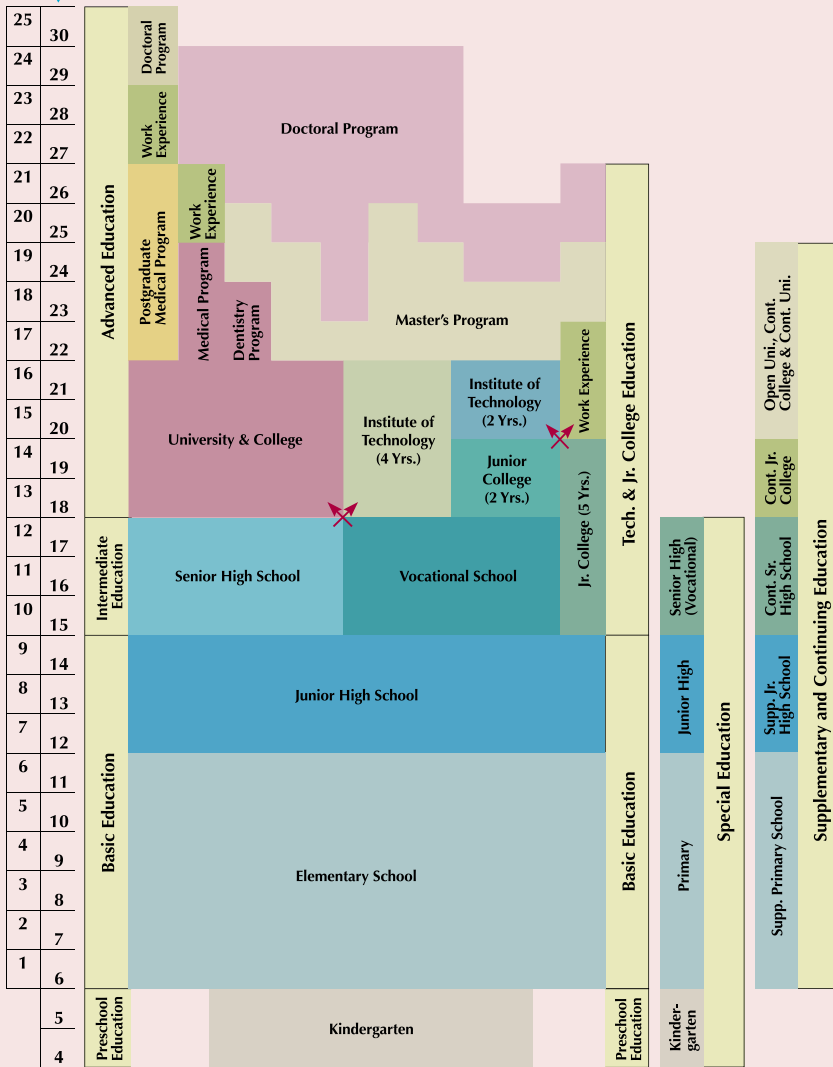
Elementary and Secondary Education SY 2013-2014

	<i>Elementary School</i>	<i>Junior High School</i>	<i>Senior High School</i>	<i>Vocational School</i>
Schools	2,650	738	344	155
Percent of schools public	98.60	97.70	57.56	59.35
Students	1,297,120	831,930	393,321	360,491
Students per class	23.74	30.09	39.44	40.58

Source: Ministry of Education

Education System

Year in School
 Actual Age



Source: Ministry of Education

elementary school and three years of junior high school. In the 2013-2014 school year, 97.9 percent of students eligible for compulsory education were enrolled. In recent years, average class sizes at elementary and junior high schools have been reduced to 24 and 30 students, respectively, while the student-teacher ratio has fallen to 13:1 for both school levels.

Elementary and junior high school curricula address seven major areas of learning: language arts, health and physical education, social studies, arts and humanities, mathematics, science and technology, as well as integrative activities. Some junior high schools offer technical courses to students in their third year of study, paving the way for their enrollment in vocational schools or five-year junior colleges upon graduation.

From 2014, all students in the final year of junior high are required to participate in the Comprehensive Assessment Program for Junior High School Students 國中教育會考. The test results gauge their academic capabilities and guide them in choosing their next level of education—senior high, vocational high or five-year junior college.

Senior High and Vocational School

In 2013, more than 99 percent of junior high school graduates continued on to further studies via either the academic or vocational track. Of these, 44 percent followed the academic track in senior high school. The remainder opted for vocational education, mostly in senior vocational school and, to a much lesser degree, five-year junior college.

Senior High School

The three-year senior high school program prepares students aged 15 to 18 for higher academic education. High school students are encouraged to pursue extracurricular interests and participate in international competitions, student clubs and nongovernmental organizations; involvement in such activities is a factor considered when they subsequently seek admission to university. In 2013,

95.50 percent of senior high school graduates went on to tertiary education.

Vocational School

Vocational schools generally specialize in a given field, such as business, agriculture, nursing or advertising design.

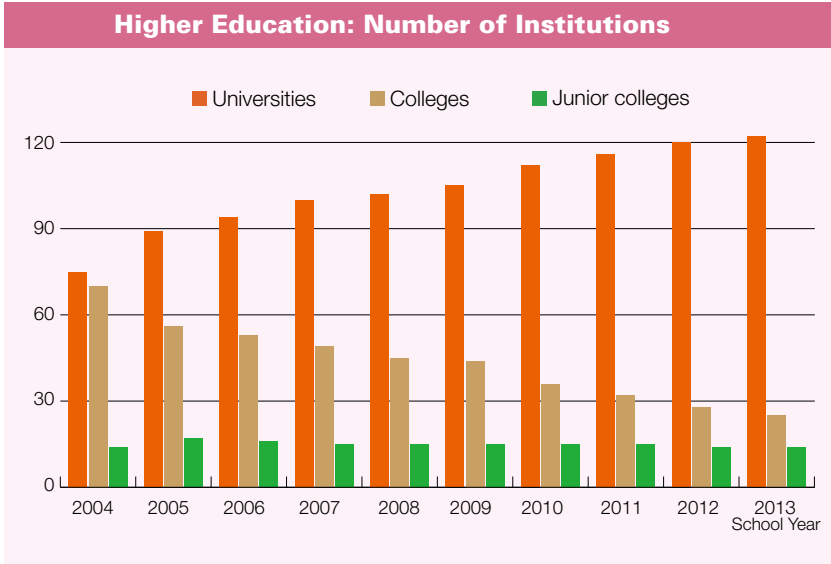


Twelve-year National Fundamental Education

Since the early 1980s, Taiwan's national fundamental education system had comprised nine years of compulsory education at the elementary and junior high school levels. In August 2014, the government added three years of non-compulsory senior secondary education to this system to form the new 12-year fundamental program. Apart from boosting the quality and international competitiveness of Taiwan's education, the move was intended to ease academic and financial burdens on junior high graduates wishing to continue on to senior secondary school.

Under the new system, the focus of the admission process has shifted away from grueling entrance examinations and more toward the student's interest and capabilities. At least 75 percent of openings at senior high and vocational schools and five-year junior colleges are now available to incoming students based on application, while the remaining slots—at schools offering specialized programs—are filled by select students based on entrance examination scores.

Furthermore, the system provides tuition-free education at vocational schools and for the first three years of five-year junior college. For students choosing to attend senior high school, tuition is waived for those whose annual family incomes fall under a specific level. The tuition-free policy excludes non-ROC citizens, repeat students and students at unsubsidized private schools. More measures will be implemented over the coming years.



Source: Ministry of Education

The majority of students enroll in programs for industry and commerce. During the three-year program, students are encouraged to take national examinations for technical or vocational licenses in preparation for entering the work force. Some vocational school graduates seek employment or start their own businesses, while most go on to tertiary education.

Comprehensive High School Program

A large number of senior high and vocational schools offer a comprehensive program of both vocational and academic curricula, enabling students to select from a wide range of courses before deciding whether to continue on an academic or a vocational track. In addition to general subjects, such as foreign languages, mathematics and social sciences, various technical courses are provided for students looking to enter a trade or join the work force. About 74,000—or 10 percent of—senior high and vocational

school students enrolled in these programs at 111 schools in the 2013-2014 school year.

Higher Education

Higher academic education is provided by colleges, universities and graduate schools, while technical and vocational education is provided by junior colleges and colleges/universities of science and technology. In 2013, the number of citizens with higher education degrees totaled 6.31 million, representing about 27 percent of the population.

Admission to colleges and universities is by recommendation, application or examination and placement. Senior high school students take the General Scholastic Ability Test 學科能力測驗, which assesses their competence in Chinese, English, mathematics and the natural and social sciences. They then seek recommendation from their school or apply to their institutions of choice themselves.

Those who have failed to gain admission to the institution of their choice through the aforementioned method can take an Advanced Subjects Test 指定科目考試, depending on the requirements of the college or university. Students are assigned to an institution on their preference list based on their performance.

To pursue technical education, senior vocational school students sit for only one set of joint entrance exams on general and specialized subjects. They are admitted to tertiary institutions through application, recommendation by their school or placement based on their performance on the exams.

The number of students enrolling in university/college undergraduate programs in 2013 had increased by 24 percent from 2003. During that period, the proportion of those students following the vocational track rose from 47 to 51 percent, indicating that student preferences are shifting from academic to occupational studies. The number of private universities has doubled over the last decade, and the majority of junior colleges and colleges are private.

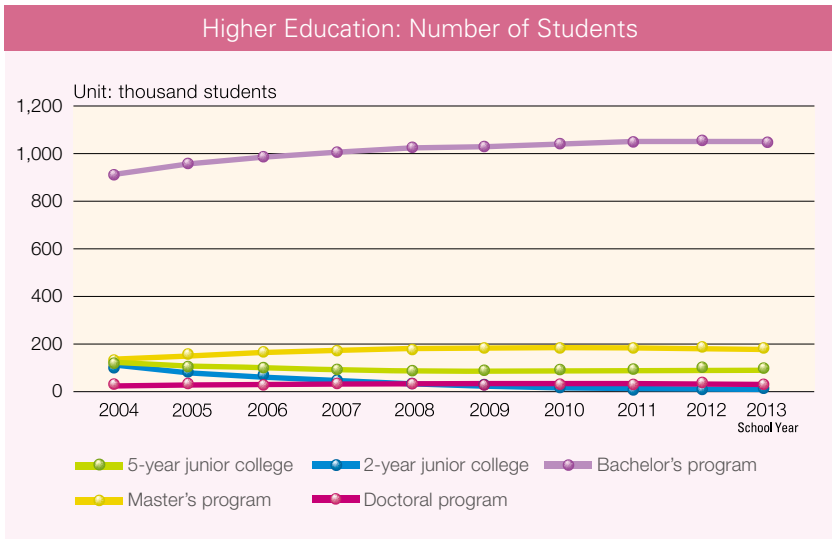
Junior Colleges

Taiwan offers two- and five-year junior college programs. Two-year programs enroll students directly from vocational schools and comprehensive high schools along with individuals with equivalent academic qualifications. Junior high school graduates or others with equivalent academic qualifications may enter five-year programs. Associate degrees are conferred on those who complete all courses of study.

Fields of study open to junior college students include industry, commerce, health care and nursing, marine technology, languages, home economics, tourism and hospitality.

Colleges and Universities of Science and Technology

Colleges and universities of science and technology admit graduates of vocational schools, comprehensive high schools or others with equivalent academic qualifications and may offer undergraduate, graduate and postgraduate



Source: Ministry of Education

programs. Undergraduate programs may be for two or four years. Internships are available to qualifying students. Two-year programs take in graduates from two- or five-year junior college programs, who are awarded bachelor's degrees upon course completion. Graduate students must submit a thesis or present a dissertation in addition to completing their required courses.

Universities, Colleges and Graduate Schools

The bulk of programs at Taiwan's universities and colleges last four years. Those for training teachers and architects require five. Medical (including dentistry) programs, meanwhile, require between six and seven years of study. Master's programs take one to four years, and doctoral programs two to seven. In the 2013-2014 school year, there were 44.30 undergraduate, 7.59 master's and 1.35 doctoral students per 1,000 people in Taiwan.

Encouraging Excellence in Higher Education

To improve the quality of higher education, colleges and universities are encouraged to conduct self-evaluations and are subject to assessment once every six years by the Higher Education Evaluation and Accreditation Council of Taiwan 高等教育評鑑中心基金會, which is funded by the Ministry of Education (MOE) and higher education institutions. Departments that score poorly on these evaluations face a reduction in the quota of students they may accept.

In 2005, the MOE launched the Program for Promoting Teaching Excellence of Universities 獎勵大學教學卓越計畫 offering financial support to institutions of higher education to raise professional teaching standards, improve teaching facilities and maximize learning efficiency. In 2013, 33 universities, most of which were private institutions, received funding totaling NT\$1.58 billion (US\$53.07 million).

The MOE began a 10-year program in 2006 to strengthen basic university education, recruit first-rate foreign professors and promote international academic collaboration for Taiwan's top universities and affiliated research centers. The second phase, Aim for the Top University Project 邁向頂尖大學計畫, kicked off in 2011 with funding totaling NT\$50 billion (US\$1.70 billion) over a five-year period and included new objectives such as bolstering research centers and training more industry talents.

In 2013, six Taiwanese universities were listed in the top 400 in the prestigious QS World University Rankings, with National Taiwan University (NTU) 國立臺灣大學 placing 82nd. A separate ranking by British weekly *Times Higher Education* also placed eight Taiwan universities—led by NTU at No. 142—in its top 400 list for 2013-2014.

Special Education

Special education programs are available for individuals with learning or other disabilities and for children demonstrating strong abilities in mathematics or the sciences, as well as talented students who excel in the fine arts, performing arts or sports.

In accord with trends in other developed nations toward inclusive education, a number of mainstream schools offer classes to students having special talents or challenges, providing facilities to meet their needs from elementary through secondary school. Most disabled students attend regular classes with other students while also utilizing resource rooms where they receive individualized instruction.

Schools for physically or mentally challenged students run parallel to the mainstream education system. Largely government-funded, they offer classes from preschool through senior vocational school. In school year 2013-2014, about 6,700 students attended 28 such schools.



■ The National Taichung School for Students with Hearing Impairments provides specialized care and education in a supportive and friendly environment. (Courtesy of the K-12 Education Administration)

Supplementary Education

The MOE supports a number of supplementary and continuing education programs. It also provides funding for a range of institutions, such as museums, libraries, zoos, as well as events of educational value.

Public supplementary schools are affiliated with regular schools at their corresponding levels and take the form of distance learning or night schools, with weekend classes also being offered. Courses are provided to adults from the elementary through the college level. After completing their courses and passing exams, graduates from advanced programs earn mainstream-equivalent diplomas.

The highest level of education in the system is provided by National Open University 國立空中大學 in New Taipei City 新北市 and Open University of Kaohsiung 高雄市立空中大學. A total of 13,000 students were enrolled in the open universities during the 2013-2014 school year.

Active Aging Learning Centers 樂齡學習中心 have been set up around the nation to encourage people aged 55 and older to continue to improve themselves through education. Attendance of nearly 1.1 million was recorded for the 49,988 classes held at the 271 centers open in 2013. A further 3,488 seniors attended semester-long courses alongside university students at 100 participating institutions.

E-learning

About one-third of Taiwanese have taken online courses in the burgeoning e-learning field. To equip citizens with the tools and skills needed to thrive in the digital world, the government has been developing and expanding e-learning programs for both children and adults. In 2013, 2,435 courses were offered by 132 digital opportunity centers 數位機會中心 built in rural areas, providing people in more distant communities with a place from which to explore the world online.

The Digital Outreach Project 深耕數位關懷方案 launched in 2012 aims to expand use of information technology among women, senior citizens and low-income households. As of the end of 2013, the project increased the proportion of women using the Internet to 74.6 percent and that of indigenous people to 71.5 percent. It aims to push these figures to 77 and 80 percent, respectively, by 2015.

In 2014, the MOE launched a comprehensive program to promote e-learning as a mainstream educational tool. The four-year initiative will build up the basic infrastructure by bolstering Internet bandwidth for academic research, extending wireless Internet coverage from 30 to 95 percent of classrooms, and developing student-oriented cloud computing resources and services. The program also seeks to build two new learning models: special schools that nurture healthy digital learning habits, and Massive Open Online Courses for Chinese-speaking learners worldwide.



■ This e-book with audiovisual effects from a digital library is one of many digital technology tools useful for keeping students interested and focused. (Courtesy of *Taiwan Panorama*)

International Exchanges

Taiwan has long been a popular location for students of Mandarin Chinese. In the 2013-2014 school year, 31,270 foreign students studied in Taiwan, among whom 15,510 attended Chinese language classes. A total of 39 Chinese language centers are affiliated with universities and staffed by professionally trained TCSL (Teaching Chinese as a Second Language) teachers. The largest is the National Taiwan Normal University Mandarin Training Center 國立臺灣師範大學國語教學中心.

Students who pass the Test of Chinese as a Foreign Language 華語文能力測驗 may enroll in Chinese-language degree programs. Additionally, 56 universities offered 723 programs taught in English in 2013. Coursework offered ranged from engineering and agriculture to management and biotechnology. Additional information on institutions and programs for foreign students is available at <http://www.studyintaiwan.org>.

Outside the ROC, nine Taiwan Education Centers in eight countries offer Mandarin language programs and counseling services to those interested in pursuing studies in Taiwan. Mandarin and traditional Chinese character study programs are also available at the Taiwan Academy 臺灣書院 branches that have been set up in the U.S. cities of New York, Houston and Los Angeles.

For Taiwanese pursuing studies abroad, the United States, Australia, the United Kingdom, Japan and Canada were their main countries of choice. A total of 25,324 Taiwanese students were granted visas for such purpose in 2013.

Language Education

Native Languages

Mandarin, known as *Guoyu* 國語 in the ROC, is the nation's official language. In addition to Mandarin, large segments of the population speak the Sinitic languages Holo 河洛語 and Hakka 客語, and various Austronesian languages are used by indigenous peoples. Over the last decade, there has been growing awareness of the importance of preserving Taiwan's rich linguistic heritage, leading central and local governments to promote education in local languages. Since 2001, all elementary school students have been required to take courses in at least one of the non-Mandarin languages spoken natively in Taiwan. Continued study is an elective in junior high school.

The written Chinese language is intelligible to speakers of all Sinitic tongues. While mainland China adopted simplified characters in 1956 in a bid to ameliorate its widespread illiteracy, the ROC continues to employ traditional written characters.

To help people learn proper Mandarin pronunciation, the MOE formulated the Mandarin Phonetic Symbols 注音符號 in 1913 as a standard phonetic system. This system, consisting of 37 phonetic symbols and four tone marks, is still taught in elementary schools today.

Over the years, a variety of Romanization styles have been developed to make Chinese phonetics easier to learn for foreigners. The ROC government has used the Hanyu Pinyin system 漢語拼音 since 2008. The Wade-Giles system and Tongyong Pinyin system 通用拼音 are also used on the island. (For a comparison of different Romanization systems, see Appendix VI.)

Foreign Languages

English has been a required subject for students in junior and senior high schools for decades. In 2005, it was made compulsory from the third grade of elementary school.

In 1996 the MOE began encouraging second foreign language study at senior high schools. In the 2013-2014 school year, over 110,700 students enrolled in elective courses in Japanese, French, German, Spanish, Korean, Russian, Italian, Vietnamese, Indonesian or Latin. The most popular language was Japanese, the choice of more than 24,737 of these students. Besides schools, copious public and private institutions provide language education as well.



RELATED WEBSITES

- ▶ Ministry of Education: <http://www.moe.gov.tw>
- ▶ Study in Taiwan: <http://www.studyintaiwan.org>
- ▶ Taiwan Academy: <http://taiwanacademy.tw>



14

Arts, Religion & Sports





Ten Drum performing the Taiwanese “Eight Generals” style of temple dance moves, among the many it has incorporated into its unique indigenous drumming style. (Courtesy of Ten Drum Art Percussion Group)



Several waves of settlement and shifts of sovereignty over recent centuries have bequeathed Taiwan a diverse cultural heritage. Such a pluralist culture not only makes Taiwan a hotbed for various art forms which coexist, blend with or influence each other, but also renders it very receptive to different thoughts—religious teachings included—and games—such as competitive sports. Today, the country is known as a home to top-notch cinema and popular music talent, has one of the world's highest densities of religious structures, especially Taoist and Buddhist temples and shrines, and contains a steadily growing population that embraces sports as a pastime and daily regimen.

Folk Arts

Dozens of folk crafts and traditional performing arts which can trace their origin to the Chinese mainland are still being practiced in Taiwan. Many can be found in folk festivals, traditional art fairs and thousands of Taoist temples on the island.

Popular folk arts include bamboo crafts, dough sculpture, gold carving, jade sculpture, knotting, lantern making, lacquer work, leather carving, paper cutting, pottery and porcelain making, and woodcarving. Major traditional performing arts include acrobatics, dragon and lion dances, folk opera, music and puppetry.

In the course of adapting to local circumstances, the early Hakka 客家 immigrants and their descendants have developed aspects of Hakka culture in Taiwan that are markedly different from those in mainland China, including the production of oiled paper parasols, traditional wear, folk songs and opera.

The island's indigenous groups continue to pass expertise in woodcarving, weaving, pottery, basketry, beadwork, ceramics, dance, music and ritual from generation to generation. Their customs and creations are increasingly popular throughout Taiwan.

Visual Arts

Sculpture

Temple, folk and indigenous sculpture have long been popular. The tide of Western abstractionism that swept through the art world in the 1960s nurtured the first sculptor from Taiwan to attract worldwide attention: Yuyu Yang 楊英風, most famous for his stainless steel sculptures of traditional Chinese symbols, like the phoenix and dragon converted into fluid forms.

The most accomplished contemporary sculptor in Taiwan is Ju Ming 朱銘, who made his name in the 1970s with the *Taichi Series* 太極系列 of large sculptures crafted from thick, heavy wood rendering the gentle fluid motions of the Chinese martial arts.



■ Three-meter-tall sculptures of Ju Ming's *Taichi Series*. Ju used Styrofoam to sculpt preliminary versions of these pieces before recreating them in bronze. (Courtesy of Juming Museum)

Painting

During the Japanese colonial era (1895-1945), a generation of Taiwanese oil painters sought to express special qualities of the island through impressionistic portrayals of local life and landscapes. These include Chen Cheng-po 陳澄波, Yang San-lang 楊三郎, Liao Chi-chun 廖繼春 and Chen Chih-chi 陳植棋. Afterwards, several notable ink painters came to Taipei 臺北 in the postwar migration. In the 1970s, a new nativist movement was sparked by farmer and fisherman Hung Tung's 洪通 vibrant paintings infused with imagery from Taiwan's environment and culture. Political events of the 1980s and 1990s inspired a wave of art as political commentary, but since then, artists have moved toward introspective and philosophical studies of issues.

Performing Arts

Traditional Music

Taiwan's unique geographical location and history have nurtured a rich musical tradition, which can be roughly divided into aboriginal music and Han 漢族 music.

The traditional music of the indigenous peoples of Taiwan is chiefly singing—with musical instruments taking a supporting role—and is closely connected to daily life and rituals. In reflection of their communal lifestyles, tribes have developed many styles of group singing. Chant serves not only as part of ceremonies but also as a way for these communities to pass on their history and culture. Over the past few centuries, indigenous music has absorbed elements from Japanese and western music and has also been blended with Christian music. Today, many gifted indigenous singers nourished by their tribes' singing traditions have risen to stardom in pop music.

Han music in Taiwan is performed mainly by Holo 河洛 and Hakka peoples, descendants of migrants from

southeast China. This music tradition has a myriad of genres, with the two most distinctive styles being *nanguan* 南管 and *beiguan* 北管, literally “southern pipes” and “northern pipes,” respectively. *Nanguan*, whose core ensemble comprises gentler-sounding instruments such as the zither and bamboo flute, is marked by a soothing and emotive melodic progression. In contrast, *beiguan* is characterized by the playing of gongs and remains integral to religious processions and traditional drama performances.

Popular Music

Modern Holo 河洛語 popular music dates back to the early 20th century, when it chiefly consisted of adapted Japanese pop songs. After encountering censorship in the 1970s, Holo music underwent a revival in the 1980s as musicians addressed sociopolitical issues head-on and branched out from Japanese-style music to rock, folk and rap.

In the 1970s, a series of diplomatic crises triggered a strong sense of national identity within the Mandarin-language music community. A movement that came to be known as “campus folk songs” 校園民歌 was initiated by college students calling for more of “our own songs” over songs from the West. With the participation of the intelligentsia, the movement influenced the culture and market into the 1990s and laid the groundwork for the Mandarin pop music industry.

Pop idol Teresa Teng 鄧麗君 was one of Taiwan’s greatest ambassadors. Able to sing in Mandarin, Holo, Japanese, Cantonese and English, she topped charts throughout East Asia and enchanted untold numbers of listeners on the mainland in the 1980s even though her songs were officially banned there for several years.

Taiwan continues to be the world’s most prolific producer of Mandopop, with local icons like Jay Chou 周杰倫, A-mei 張惠妹, Wang Lee-hom 王力宏, Jolin Tsai 蔡依林 and Mayday 五月天 dominating charts and selling out performance venues throughout the Chinese-speaking world.

The late 1980s saw growing interest in local cultural identities and subsequently the emergence of Taiwan's independent music scene, whose two biggest events are Ho-Hai-Yan Gongliao Rock Festival 貢寮國際海洋音樂祭 in northeastern Taiwan and Spring Scream 春天吶喊 in the south (see Appendix II).

Dance

The island also has a vibrant and growing professional dance community, with dozens of troupes performing in Taipei alone. Cloud Gate Dance Theatre of Taiwan 雲門舞集, founded and led by Lin Hwai-min 林懷民, is renowned the world over for a series of performances that blend the aesthetics of Chinese calligraphy and martial arts with elements of Western ballet and modern dance.

Opera

The axis of Taiwanese opera is Yilan County 宜蘭縣, where over a century ago musical theater merged with folk songs, Fujian-style folk music and *nanguan* music to create a new style that has been a mainstay of cultural life both on stage and on television. Like Peking opera, Taiwanese opera has standard singing and stylized body movements, but it is performed entirely in the Holo language.

Taiwan also has renowned Peking and Kun opera troupes. Peking opera, featuring a minimalist stage setting, is a harmonious blend of musical and vocal performance, face painting, acrobatics and Chinese martial arts. Compared with Peking opera, Kun opera consists of more delicate and complex music, and players articulate more poetic language.

Glove Puppetry

Before television arrived in Taiwan in the early 1960s, performances of glove puppetry 布袋戲 were called for on nearly every festive occasion.



■ Actors performing *Princess Flowers*, a Peking opera depicting how a formidably talented commander avenges the death of her father, the king, and defeats an invading army and its duplicitous leaders. (Courtesy of *Taiwan Panorama*)

This puppet show is traditionally performed in an ornamental wooden stage frame amid the clamor of gongs and drums. The entire plot is presented by the puppeteer, who manipulates palm-sized puppets into performing complex actions such as playing instruments and fighting with weapons. Each puppet's character or personality can be gleaned from its facial paintings. The musical accompaniment is an amalgamation of *beiguan* and *nanguan* music, Peking and Taiwanese opera, as well as Hakka tea-picking songs.

Jinguang 金光 puppetry, which employs transformable three-dimensional sets, lighting effects, popular music, special video effects, an intriguing repertoire and literary dialogue sprinkled with humor and slang, has evolved into a style unique to Taiwan that appeals to both refined and popular tastes and across generations.

Drama

The Little Theater Movement 小劇場運動 of the 1960s heralded the proliferation of small, independent theaters in the 1970s, when directors began experimenting with staging techniques and imaginative interpretations of local and Western plays. Theater established itself in the 1980s with the Performance Workshop's 表演工作坊 full-length plays based on crosstalk, a form of rapid-fire, comedic banter between performers, and the Ping-Fong Acting Troupe's 屏風表演班 satirical commentaries about contemporary Taiwanese society.

Musicals

Taiwan's first homegrown musical was performed in 1987 by the Godot Theatre Co. 果陀劇場, which has presented several musicals since. In recent years, All Music Theatre 音樂時代劇場 has been producing original Holo-language musicals with Taiwanese roots; Taipei Philharmonic Theater 愛樂劇工廠 has presented an array of popular large-scale performances; and the VMTheatre Co. 耀演 has focused on genuine portrayals of human experiences.

Cinema

Postwar Cinema

Holo-language films based on traditional folk opera or modern melodramas found commercial success among domestic audiences in the 1960s. Around that same time, the Central Motion Picture Corp. 中央電影公司 began producing Mandarin-language films which were often pastoral and advocated civic virtue and morality. As Mandarin films came to prominence, Holo pictures dwindled in number.

The 1970s was the golden age for domestic films as their popularity spread throughout Southeast Asia. Romances based on Chiung Yao's 瓊瑤 novels found great success, and patriotic movies were popular as the country

Taiwan's Major Films in 2013

Major films of 2013 included *David Loman* 大尾鱸鰻, a comedy featuring bawdy humor; *Zone Pro Site* 總鋪師, an emotionally engaging comedy that centers on *bandoh* 辦桌 — a unique form of Taiwanese banquet culture; *A Time in Quchi* 暑假作業, depicting a 10-year-old left by his parents to the care of his grandfather in a hilly village outside Taipei during summer vacation; and *Soul* 失魂, a lavishly cinematographed psychological thriller which tackles father-son relationships.

Acclaimed 2013 documentaries include *Beyond Beauty — Taiwan from Above* 看見台灣, which films the island completely in aerial photography to reveal its natural beauty as well as environmental damage caused by natural disasters and human beings; *Bridge over Troubled Water* 拔一條河, which displays immigrant spouses and their children struggling to rebuild their homes in the aftermath of Typhoon Morakot; and *Face to Face* 正面迎擊, an intimate portrait of a group of aspiring wrestlers and their real-life struggles.

dealt with a series of diplomatic frustrations. At its peak, the film industry put out 200 to 300 films per year.

New Wave Cinema

In the 1980s, some filmmakers began to seek creative outlets beyond the mainstream film establishment. Their creations—later dubbed New Wave Cinema 臺灣新浪潮電影—were noteworthy for blending innovative filming techniques with down-to-earth and sympathetic portrayals of Taiwanese life as well as trenchant social commentary. The movement produced two world-class auteurs, Hou Hsiao-hsien 侯孝賢 and Edward Yang 楊德昌. In the early 1990s, a “Second New Wave” of films centered on contemporary life emerged. Key figures in this movement



■ The 2014 film *KANO* depicts the underdog Chiayi baseball team that overcomes extreme odds to advance to the Japanese empire's high school championship game in 1931. (Courtesy of ARS Film Production)

included Ang Lee 李安 and Tsai Ming-liang 蔡明亮.

21st Century Films

Local film production dwindled to about 20 movies per year in the late 1990s, but a number of surprise hits by young directors that explored formerly taboo topics such as sexual awakening re-energized the industry in the early 2000s. In 2008, the heartwarming comedic romance *Cape No. 7* 海角七號 set a new box office record for a domestically produced film, ushering in an era of revival. Subsequent hits include *Monga* 艋舺, *You Are the*

Apple of My Eye 那些年，我們一起追的女孩, *Warriors of the Rainbow: Seediq Bale* 賽德克·巴萊, and *KANO*.

Documentaries

Taiwan's multicultural society, complex history, beautiful environment, unique aboriginal cultures and political freedom make it fertile ground for documentary filmmaking. In the mid-1980s, the country's increasingly free political atmosphere gave rise to independent documentaries that not

only lent voice to the disadvantaged and dissidents but also recorded defining moments in the history of the burgeoning democracy. Since 2000, Taiwanese documentarians have incorporated more storytelling into their observation of social and environmental issues as well as grassroots figures, such as in *Go Grandriders* 不老騎士.

Literature

Taiwan New Literature

Taiwan's literary scene was dominated by classical Chinese literature in the early 20th century, with a few works inspired by resistance to Japanese colonization. After Western enlightenment ideas and experimental writing were introduced, however, the Taiwan New Literature Movement 臺灣新文學運動, which bore parallels to the May Fourth Movement 五四運動 in mainland China, arose in the 1920s. The movement led to a debate in the early 1930s, when some argued that the vernacular Chinese championed by the May Fourth Movement was not a familiar language to the people of Taiwan, most of whom spoke Holo or Hakka, and that Taiwan's writers should use their native languages (mainly referring to Holo) to write about their homeland. A key proponent of these ideas was Lai Ho 賴和, whose novels—written mainly in a mixture of Chinese and Holo—highlighted the excesses of the Japanese colonial government and are now considered classics.

Mainland Émigré Literature

Following the end of Japanese rule in 1945, émigré writers from mainland China came to dominate the literary scene amid the political repression of local intellectuals and the enshrinement of Mandarin as the official language. This period saw a proliferation of anti-communist works as well as realistic fiction about life in the mainland.

Cultural Awards and Events

Film

The Golden Horse Film Festival and Awards 金馬影展與金馬獎, established in 1962, is one of the most prestigious awards ceremonies for Chinese-language films.

The Golden Harvest Awards 金穗獎, launched in 1978 for short films, is a cradle for up-and-coming directors.

The Taiwan International Documentary Festival 台灣國際紀錄片雙年展, started in 1998 and held biennially, is the second-biggest event of its kind in Asia.

Radio and Television

The Golden Bell Awards 金鐘獎, founded in 1965, are the top prizes for television and radio programs.

The Golden Visual Awards 金視獎, created in 1997, honors outstanding local productions and performance by cable television providers.

Art

Taipei Biennial 臺北雙年展, founded in 1992 by the Taipei Fine Arts Museum, is an important exhibition for promoting contemporary art in Taiwan.

Art Taipei 台北國際藝術博覽會, the longest-running art fair in Asia, showcases young artists.

The Public Art Awards 公共藝術獎, created in 2008, fosters public participation in and familiarity with public art installations.

Music

The Golden Melody Awards 金曲獎, first held in 1990, are the major prizes for popular, classical, traditional and alternative music.

The Taiwan Original Music Awards 臺灣原創流行音樂大獎, created in 2004, recognizes songwriters and singers working in Holo, Hakka and indigenous languages.

The Golden Indie Music Awards 金音創作獎, created in 2010, promotes independent music.

Culture

The National Cultural Award 行政院文化獎, first presented in 1981, is granted to Taiwanese citizens for outstanding lifetime contributions to Taiwanese culture.

The National Award for Arts 國家文藝獎, held by the National Cultural and Arts Foundation 國家文化藝術基金會 since 1997, rewards achievement in literature, fine art, music, drama, dance, architecture and cinema.

Literature

The Taiwan Literature Award 台灣文學獎, presented by the National Museum of Taiwan Literature 國立台灣文學館 since 2005, recognizes literary works, including novels, essays, poetry and scripts, written in Mandarin, Holo, Hakka and aboriginal languages.

The Golden Tripod Awards 金鼎獎, created in 1976, honors outstanding publishing houses and individuals in the publishing industry.

The Golden Tripod Awards for Digital Publications 數位出版金鼎獎, established in 2007, promotes quality works in this new industry.

The Golden Comic Awards 金漫獎, established in 2010, honors outstanding works and individuals in Taiwan's comics industry.

Modernism

The development of modernist poetry in the mid-1950s was followed by a rejection of conventional literary techniques in the 1960s, when modernist writers began calling for artistic autonomy and incorporated Western existentialism, stream-of-consciousness, surrealism and antinovel elements into their writings. Such modernist works often focused on philosophical introspection and the plight of traditional human relations in modern society, as in Kenneth Hsien-yung Pai's 白先勇 *Crystal Boys* 孽子, which tells of a young man's struggle in the 1960s to 1970s when homosexuality was still a taboo topic in Taiwan, and Wang Wen-xing's 王文興 *Family Catastrophe* 家變, which highlights stresses affecting families in contemporary Taiwan.

Nativism

The late 1960s and early 1970s also saw the emergence of a nativist movement as a number of intellectuals, criticizing what they saw as modernist writers' tendency toward blind admiration and slavish imitation of Western cultural models, advocated the penning of literature more true to Taiwan's social roots. Representative works include Wang Zhen-he's 王禎和 *An Oxcart for a Dowry* 嫁妝一牛車, in which poverty forces a peasant to share his wife with a merchant, and Huang Chun-ming's 黃春明 *His Son's Big Doll* 兒子的大玩偶, portraying an uneducated man's struggles to support his family as a walking billboard in costume during Taiwan's early industrial days.

Contemporary Literature

In the 1980s and 1990s, increased income, freedom and multiculturalism, along with the commercialization of literature, engendered a shift in focus for the next generation of writers. The proliferation of information technology in the 2000s has led to a burgeoning of new

literary vehicles. Everything from online forums and blogs to e-mails and e-publications has diversified the means by which literary works are circulated. Interactive writing and the use of animation, multimedia and hyperlinks continue to expand the boundaries of literary creativity. Tsai Jih-heng 蔡智恆 as well as Giddens Ko 九把刀, who wrote *You Are the Apple of My Eye* and directed the screen adaptation, are examples of young fiction writers who first gained a following online.

Latest Cultural Initiatives

On May 20, 2012, the Ministry of Culture (MOC) was created by combining culture-related government divisions and agencies to better focus efforts to promote the sector. The MOC aims to foster six main cultural areas: arts and literature, creative industries, heritage preservation, communities, exchanges, and cloud-based inventory and services.

In 2013, the MOC launched the Art Bank 藝術銀行 program to procure works by Taiwanese artists and lease them to foundations, private corporations, state enterprises, schools and government agencies for exhibition at designated sites. Currently managed by the National Taiwan Museum of Fine Arts 國立臺灣美術館, the program purchased its first batch of 346 art pieces from 195 artists in September 2013.

Under the MOC, the National Performing Arts Center 國家表演藝術中心 was inaugurated in April 2014 to integrate resources of three of the country's top-notch performing arts facilities—the National Theater and Concert Hall 國家兩廳院 in Taipei, the National Taichung Theater 臺中國家歌劇院 and the National Kaohsiung Center for the Arts 高雄衛武營國家藝術文化中心—which will be able to seat a total of 13,000 patrons at their 11 performance halls once the latter two establishments are completed in late 2014 and late 2015, respectively.

In 2014, the MOC worked with the private sector to launch a three-year program to revive Taiwan's poetry. The

initiative has transformed a pair of newly renovated historic buildings in Taipei City into a venue for manuscript exhibition as well as a poetry salon. It will also cultivate emerging poets, promote overseas exchange and translation, and organize festivals to add new zest to the field.

Religion

Taiwan has been inhabited for millennia by Malayo-Polynesian peoples, whose religious traditions consisted of a combination of animism and ancestor worship. These beliefs live on although many indigenous people have embraced religions introduced from abroad, especially Christianity.

Buddhism, Taoism and Christianity made their appearance in Taiwan in the mid-17th century when Han migrants from southeastern China, Protestant missionaries and Roman Catholic missionaries arrived on the island. Other religions were introduced over the next three



■ The Fo Guang Shan Buddha Memorial Center features the world's tallest bronze sitting Buddha. It is 50 meters in height. (Courtesy of *Taiwan Review*)

and a half centuries as Chinese, Japanese and Westerners came to the island, with a large religious influx following World War II, when a new wave of mainland immigrants arrived in Taiwan along with the relocated Republic of China (ROC) government. The years since democratization went into high gear in the late 1980s have also witnessed a surge in establishment of new denominations.

The people of Taiwan enjoy complete freedom of religion, as affirmed by numerous observers and demonstrated by the nation's rich spectrum of religious traditions from around the world. Taiwan has one of the world's highest densities of religious structures, especially Taoist and Buddhist temples and shrines.

According to the Ministry of the Interior, there were 27 religious denominations (see table "Registered Religious Denominations") registered in Taiwan in 2013. While religious organizations are not required to register with the government, many do so to enjoy tax-exempt status.

Taoism and Buddhism have the largest numbers of adherents; their temples account for most of the 12,083 places of worship registered with local governments as of the end of 2013. A sizeable minority of Taiwanese adheres to monotheistic religions, particularly Christianity; in 2013, there were 3,313 registered churches. Taiwan's non-monotheistic denominations and religious traditions are characterized by a high degree of syncretism. Furthermore, ancestor veneration rituals are widely observed.

Ma Zu Veneration

Ma Zu 媽祖 is the deified spirit of Lin Mo-niang 林默娘, a woman said to have lived on Meizhou Island 湄州島 off the coast of Fujian Province 福建省 sometime during the Song 宋 dynasty (960-1279). She is reputed to have employed supernatural powers during and after her embodied lifetime to cure the ill and save people from imminent danger, especially sailors and fishermen at sea. Accordingly, she is also regarded as Goddess of the Sea.



Traditional Religious Customs

Rather than regularly attending services in a set location, most Taiwanese visit a temple at a time and place of their choosing. Temples are a center of community life, as traditional markets surround them and performances in their pavilions are common. At the temple, people often burn incense sticks while praying to deities and burn spirit money 金紙 to enhance ancestral spirits' comfort in the afterlife or secure their help as guardians. Many also cast divination blocks 擲筊 or draw divination sticks 求籤 to petition for divine guidance. A vast number of people also have altars inside their homes, where they offer food, incense and prayers for their ancestors daily.

Ceremonies and festivals to commemorate deities' birthdays and deification anniversaries and pray for blessings for the community are highlights of cultural life. Besides rituals conducted inside temples, other activities may include divine "inspection tours" during which deities' statuettes are carried on palanquins around the neighborhood, with firecrackers heralding their arrival, and outdoor performances of Taiwanese opera or glove puppet shows—mainly to entertain the deities.

Likewise arranged for the shared enjoyment of people and divinities are large-scale feasts and colorful parades, which typically include decorated vehicles and floats carrying people dressed as legendary figures; musical bands; lion dancers and dragon dancers; stilt walkers and the Eight Generals 八家將, men impersonating fierce martial deities who patrol in front of higher-ranking gods and goddesses and clear the road of wandering ghosts.

The Launching of Water Lanterns 放水燈 in northern Taiwan's Keelung City 基隆市 during Ghost Month 鬼月 and the Burning of Wang Ye's Boat 燒王船 in Donggang 東港 and Xigang 西港 are some of the island's biggest religious events.

The enormous popularity of Ma Zu in Taiwan is evidenced by the more than 700 temples dedicated to her and the hundreds more Taoist temples in which she has an honored place. Annual processions are held in which her icon is carried on a palanquin to spread her blessings and provide devotees with an opportunity to express repentance for sins and build merit for a more fortunate life for themselves, their families and society at large. Of these, the largest is the Dajia Ma Zu Pilgrimage 大甲媽祖遶境 (see Appendix II).

Buddhism

Immigrants from the Chinese coastal provinces of Fujian and Guangdong 廣東 brought Buddhism to Taiwan. Buddhist organizations have multiplied rapidly and the scope of their activities has grown tremendously over the past several decades.

The Buddhist Compassion Relief Tzu Chi Foundation 佛教慈濟慈善事業基金會, popularly known as Tzu Chi 慈濟, has been internationally lauded for its ability to swiftly mobilize volunteers and provide relief supplies and funding for disaster relief projects in more than 80 countries. Tzu Chi is active in humanitarian, educational, medical and environmental conservation causes and is supported by a global network of 250,000 volunteers. It is the largest non-governmental organization in the Chinese-speaking world.

Fo Guang Shan Monastery 佛光山, the Dharma Drum Mountain World Center for Buddhist Education 法鼓山世界佛教教育園區, Chung Tai Chan Monastery 中台禪寺 and the Ling Jiou Mountain Buddhist Society 靈鷲山佛教教團 are all international Buddhist communities which were founded in Taiwan.

Teachers of Tibetan Buddhism 藏傳佛教, which emphasizes the practice of meditation and other spiritual disciplines under the direction of a master, were also among those who sought refuge in Taiwan from civil war in mainland China. Among them was Mingyur Rinpoche 明珠仁波切, who built the White Horse Temple 白馬寺 in Yunlin County 雲林縣 in 1997, the same year the Tibet Religious

Foundation of His Holiness the Dalai Lama 達賴喇嘛西藏宗教基金會 was established in Taipei.

Taoism

Religious Taoism 道教 (which is separate and distinct from the philosophical school of Taoism 道家) was invigorated by the arrival of priests from mainland China in the late 1940s. Taoist groups are increasingly involved in humanitarian service and dedicated to transmitting a more sophisticated understanding of Taoism's philosophical underpinnings and various disciplines aimed at promoting health and enlightenment. Over the past half-century, the number of Taoist temples has increased from about 2,600 to more than 9,300.

I-Kuan Tao

The first arrival of a large number of I-Kuan Tao 一貫道 adherents to Taiwan was after World War II, and since then the religion has attracted a large following. It teaches

Registered Religious Denominations

Baha'i Faith 巴哈伊教
Buddhism—Chinese 漢傳佛教
Buddhism—Tibetan 藏傳佛教
Chinese Heritage and Moral Sources 玄門真宗
Chinese Holy Religion 中華聖教
Christianity—Church of Jesus Christ of Latter-day Saints (Mormonism) 耶穌基督末世聖徒教 (摩門教)
Christianity—Holy Spirit Association for the Unification of World Christianity (Unification Church) 統一教
Christianity—Protestant Denominations 基督教
Christianity—Roman Catholicism 天主教
Church of Scientology 山達基
Confucianism 儒教
Hai Tze Tao 亥子道
Huang Chung 黃中
I-Kuan Tao 一貫道
Islam 回教 (伊斯蘭)
Ism 太易教
Li-ism 理教
Maitreya Great Tao 彌勒大道
Pre-cosmic Salvationism 先天救教
Sekai Mahikari Bunmei Kyodan (World Divine Light Organization) 世界真光文明教 (真光教團)
Taoism 道教
Tiender (Celestial Virtue Sect) 天德聖教
Tienti Teachings 天帝教
Tien Tao 天道
Tenrikyo 天理教
Universe Mealler Faith (Universe Maitreya Faith) 宇宙彌勒皇教
Xuan Yuan Jiao 軒轅教

Source: Ministry of the Interior



■ Christianity has numerous adherents in Taiwan; there were 3,313 registered churches in the country in 2013. (Courtesy of *Taiwan Panorama*)

that one and the same Tao, or fundamental truth, underlies all religions, and its followers revere a number of deities and sages, including Lao Tzu 老子, Confucius 孔子, the Buddha, Jesus Christ, Mohamed and—transcending all of them—the creator-god Ming Ming Shang Di 明明上帝 (literally, God of Clarity). I-Kuan Tao advocates vegetarianism, and many vegetarian restaurants in Taiwan are run by its followers. Adherents also practice various Confucian rituals and hold small group services at family shrines.

Christianity

The work of Christian missionaries has made an indelible imprint on the island, which has several Protestant and Catholic

hospitals and schools, such as Chung Yuan Christian University 中原大學 and Fu Jen Catholic University 輔仁大學. Canadian physician-cum-Presbyterian pastor George L. MacKay set up Taiwan's first hospital of Western medicine in Tamsui 淡水 in 1879, its first Western-style institution of higher learning, Oxford College 牛津學堂, in 1882 and its first school for women, the Tamsui Girls' School 淡水女學堂, in 1884. Early Catholic missionaries founded the first Catholic church in Kaohsiung, the Holy Rosary Church, in the mid-18th century. The Apostolic Nunciature of the Holy See

to the ROC is located in Taipei, where the present-day Chinese Regional Bishops' Conference 天主教會台灣地區主教團 was established in 1967.

Contemporary heroes include Marjorie Bly 白寶珠, an American who lived in Penghu 澎湖 for 54 years treating and advocating for Hansen's disease patients, and Janez Janež 范鳳龍, a Slovenian doctor who over the last 38 years of his life performed thousands of surgeries and trained countless nurses in Yilan.

Islam

Islam first came to Taiwan about 300 years ago when believers immigrated from Quanzhou 泉州 in mainland China's Fujian Province, and a number have relocated to the island since World War II concluded. Taiwan's Muslims have founded several organizations, primary among which is the Chinese Muslim Association 中國回教協會, which among other things oversees halal food certification and plays a supporting role in the nation's diplomacy with Muslim countries. Its headquarters are located at the Taipei Grand Mosque 臺北清真寺, which was built in 1960 and has been designated a religious heritage site. Taiwan's Muslim community is also served by the Taipei Cultural Mosque 臺北文化清真寺 and mosques in Taoyuan 桃園, Taichung 臺中, Tainan 臺南 and Kaohsiung.

Sports

National Sporting Events

The National Games 全國運動會 for Asian Games and Olympic sports and the Sport for All Games 全民運動會 for World Games and traditional Asian sports are held in alternating years. The biennial National Disabled Games 全國身心障礙國民運動會 is also a major event, with 3,600 athletes competing in 17 sports in the 2014 edition in Tainan City.

Cycling

The bicycle trails traversing Taiwan's diverse and beautiful terrain, many of them new, have earned the island praise as a cyclist's paradise. Leading guidebook publisher Lonely Planet selected Taiwan as one of the top 10 countries to visit in 2012 and suggested that it is "best seen on two wheels."

Taiwan's major cycling events include the approximately 900-km cross-island Tour de Taiwan 國際自由車環台公路大賽, which is also a Union Cycliste Internationale premium-level

2013-2014 Taiwanese Sports Achievements

2013 Major Events:

Taiwanese athletes captured four gold, four silver and seven bronze medals in the Summer Universiade; three gold, 12 silver and nine bronze medals in the Summer Deaflympics, good for No. 13 out of 90 countries; five gold, five silver and eight bronze medals in the World Games, 10th among 85 competing countries; and 17 gold, 28 silver and 46 bronze medals in the East Asian Games.

Badminton:

As of April 2014, the Taiwanese team was ranked No. 8 in the world, and 19-year-old Tai Tzu-ying 戴資穎 was No. 7 in women's singles.

Baseball:

National teams won silver in the 2013 Asia Series as well as silver in that year's 12U Baseball World Cup (for players aged 12 and under) and finished in fourth place in the 18U World Baseball Championship while reaching the second round of the World Baseball Classic. As of April 2014, Taiwan's baseball team was No. 4 in the International Baseball Federation world rankings.

Billiards:

As of April 2014, Ko Pin-yi 柯秉逸 was No. 8 in the world men's rankings. In the women's rankings, Chou Chieh-yu 周婕妤, Tsai Pei-chen 蔡佩真, Lin Yuan-chun 林沅君 and Tan Ho-yun 譚禾耘 were all among the world's top 10.

Golf:

Yani Tseng's 曾雅妮 109-week run as the world No. 1 came to an end in March 2013. As of April 2014, Pan Cheng-tsung 潘政琮 was No. 8 in the men's World Amateur Golf Rankings.

Running:

Tommy Chen 陳彥博 finished fifth in an extreme 700-km marathon in Canada in February 2013, and second in another race in Australia in May. In August, Kevin Lin 林義傑 became the first person in history to have crossed the world's three biggest deserts.

event on its Asia Tour, and the Taiwan KOM Challenge 臺灣自行車登山王挑戰, which takes riders up from zero altitude to an elevation of 3,275 meters in just 87 kilometers.

Golf

The Sunrise LPGA Taiwan Championship 揚昇 LPGA 台灣錦標賽 in Taoyuan, inaugurated in 2011, is an annual

Table Tennis:

The Taiwanese team finished in second place at the 2013 World Team Classic, with Chen Chien-an 陳建安 defeating the 2012 London Olympics gold medalist. At the 2013 World Table Tennis Championships, the men's doubles team of Chen and Chuang Chih-yuan 莊智淵 won the country's first title in the competition. As of March 2014, Chuang was No. 8 in the men's world ranking.

Taekwondo:

In 2013, Taiwan collected two silvers and one bronze in the World Taekwondo Championships held in Mexico, and one gold and one silver in the World Taekwondo Grand Prix in the United Kingdom. As of May 2014, Yang Shu-chun 楊淑君, Tseng Li-cheng 曾櫟騁 and Chuang Chia-chia 莊佳佳 were among the world's top 10 in women's categories; the world's top 10 in men's categories included Hsu Chia-lin 許家霖, Wei Chen-yang 魏辰洋 and Huang Cheng-ching 黃丞靖.

Tennis:

Hsieh Su-wei 謝淑薇 became the first Taiwanese ever to win a Grand Slam when she and her mainland Chinese doubles partner captured the women's doubles title at Wimbledon in July 2013. As of April 2014, Hsieh was the world's No. 2 women's doubles player.

Tug of War:

Taiwanese teams garnered a gold in the 2013 World Games in Colombia and three gold and two silver medals at the 2014 World Indoor Championships in Ireland.

Weightlifting:

Taiwanese lifters won six gold and five silver medals in 2013 Asian Powerlifting Championships; 19-year-old Kuo Hsing-chun 郭婷淳, one of the gold winners, in the same year also collected golds in the 58 kg category at the Summer Universiade, East Asian Games and World Championships, respectively.

event in the Ladies Professional Golf Association (LPGA), the world's premier women's tour. In addition, the Yeangder Tournament Players Championship 仰德集團錦標賽 and the Mercuries Taiwan Masters 台灣名人賽 are part of the professional Asian tour.

Baseball

Taiwan hosted the 2013 Asia Series in Taichung and Taoyuan, with its top two professional teams competing with the league champions of Japan, South Korea, Australia and Europe. Taiwan's Uni-President Lions seized the silver medal.

Popcorn League 爆米花夏季聯盟, a new baseball league comprising amateur players from Taiwan and overseas, was launched in April 2014 to help cultivate local baseballers, while offering up to 150 games for the sport's aficionados annually.

Basketball

Over 50 countries have participated in Taiwan's William Jones Cup since it was first organized in 1977. In 2013, teams from Egypt, Iran, Japan, Jordan, Lebanon, South Korea, the United States and the ROC competed in the men's division. Iran edged Taiwan for the title. In the women's division, the South Korean team bested Japan, Taiwan, the United States, and Thailand for the crown.

Running

Running has become popular in recent years as road races are scheduled throughout the year in addition to several dozen marathons or ultramarathons and several triathlons across the country. The Fubon Taipei Marathon 富邦臺北馬拉松 is the biggest of these events, with about 70,000 participants in 2013. The Taroko Gorge Marathon 太魯閣馬拉松 in east Taiwan drew 12,000 runners that year.



■ The Taroko Gorge Marathon, one of the many road races and marathons that allow runners to take in Taiwan's spectacular scenery. (Courtesy of Chinese Taipei Road Running Association)

Domestic Professional Leagues

In the Chinese Professional Baseball League (CPBL) 中華職棒大聯盟, founded in 1989, currently four teams play a season of 120 games with the top two playing the CPBL Seasonal Championship Series. The Uni-President Lions won the 2013 CPBL title and represented the ROC at the Pro-Baseball Asia Series along with the runner-up, the Lamigo Monkeys.

The Super Basketball League 超級籃球聯賽 features seven teams. In 2014, Pure Youth Construction 臺中璞園 triumphed over the Taiwan Mobile Clouded Leopards 台灣大 to claim the championship. The Women's Super Basketball League 女子超級籃球聯賽 has four teams, and in 2013, reigning champion Cathay Life 國泰人壽 was again peerless, winning its seventh title in eight seasons.



■ An EDA Rhinos player slides into home just in time, giving his Kaohsiung-based pro team another run. (Courtesy of Chinese Professional Baseball League)

Getting the Public Active

According to annual surveys by the Sports Administration of the Ministry of Education 教育部體育署, the most popular forms of physical activity are walking, hiking, jogging and cycling, and the proportion of people regularly engaged in physical activity grew from 12.8 percent in 2003 to 31.3 in 2013.

This gradual change can be partly attributed to a six-year plan begun in 2010 to develop Taiwan into a “sports island.” A total of NT\$6.66 billion (about US\$210 million) will be allocated for the construction of 32 multi-purpose sports centers across Taiwan.

The Sports Industry Development Act 運動產業發展條例, implemented in March 2012, offers tax incentives to businesses and sports bodies that invest in major public sports facilities, underwrite sports research, or sponsor sporting events.



RELATED WEBSITES

Art & Culture

- ▶ Hakka Affairs Council: <http://www.hakka.gov.tw>
- ▶ Council of Indigenous Peoples: <http://www.apc.gov.tw>
- ▶ Taiwan Culture Portal: <http://www.culture.tw>
- ▶ National Theater and Concert Hall: [http:// npac-ntch.org](http://npac-ntch.org)
- ▶ Taiwan Cinema: <http://www.taiwancinema.com>
- ▶ 100 Greatest Chinese-Language Films: <http://100.goldenhorse.org.tw/films>
- ▶ Ministry of Culture: <http://www.moc.gov.tw>
- ▶ National Museum of Taiwan Literature: <http://www.nmtl.gov.tw>
- ▶ Taiwan Academy: <http://taiwanacademy.tw>
- ▶ Taiwan Academy e-Learning Portal for Chinese Education: <http://www.huayuworld.org/learning>

Religion

- ▶ Ministry of the Interior: <http://www.moi.gov.tw>
- ▶ Ministry of Education: <http://www.moe.gov.tw>
- ▶ Museum of World Religions: <http://www.mwr.org.tw>
- ▶ Buddhist Association of the ROC: <http://www.baroc.com.tw>
- ▶ Buddhist Compassion Relief Tzu Chi Foundation: <http://www.tzuchi.org>
- ▶ Fo Guang Shan Monastery: <http://www.fgs.org.tw>
- ▶ Dharma Drum Mountain: <http://www.ddm.org.tw>
- ▶ Chung Tai Chan Monastery: <http://www.ctworld.org.tw>
- ▶ Ling Jiou Mountain Buddhist Society: <http://www.093.org.tw>
- ▶ Tibet Religious Foundation of His Holiness the Dalai Lama: <http://www.tibet.org.tw>
- ▶ Chinese Regional Bishops' Conference: <http://www.catholic.org.tw>
- ▶ The Presbyterian Church in Taiwan: <http://www.pct.org.tw>
- ▶ Taipei Grand Mosque: <http://www.taipeimosque.org.tw>

Sports

- ▶ Sports Administration, Ministry of Education: <http://www.sa.gov.tw>
- ▶ Chinese Professional Baseball League: <http://www.cpbl.com.tw>
- ▶ National Sports Training Center: <http://www.nstc.org.tw>

I-VI

APPENDICES



*Treasuring the earth's resources is the common responsibility
of all inhabitants of the global village.*

Global Survey Rankings

Topic of Survey (Date of Publication)	Rank	Countries Surveyed	Surveying Institution
Rankings on the ease of doing business (October 2013)	16	189	The World Bank
Prosperity Index 2013 (October 2013)	22	142	Legatum Institute
Index of Economic Freedom 2014 (January 2014)	17	178	Heritage Foundation, <i>The Wall Street Journal</i>
Investment climate (April 2014)	3	50	Business Environment Risk Intelligence
Networked Readiness Index 2014 (April 2014)	14	148	World Economic Forum
World competitiveness ranking (May 2014)	13	60	International Institute for Management Development
Global Competitiveness Index 2014-2015 (September 2014)	14	144	World Economic Forum

Holidays, Festivals & Events

Public Holidays

Starting from 2015, any public holiday that falls on the weekend will have the preceding or following workday designated as a day off in compensation.

Founding Day of the ROC

中華民國開國紀念日

(New Year's Day 元旦)

January 1

January 1, 1912 is the official birthday of the Republic of China (ROC). At sunrise, a flag-raising ceremony is held at the Presidential Office Building, where the president, government officials and many citizens gather to enjoy an array of processions and performances.

Lunar New Year 春節 (Spring Festival)

First day, first lunar month (National holidays: January 30-February 4 in 2014; February 18-23 in 2015)

The Lunar New Year, also known as Spring Festival, is Taiwan's preeminent holiday. While the holiday officially spans about a week in January or February, customary festivities begin weeks earlier with year-end banquets celebrating the past year's hard work and conclude with the Lantern Festival 元宵節 two weeks into the lunar year.

Ahead of the holiday, families give their homes a thorough cleaning and decorate the front doors with red paper bearing auspicious words or poems. On

Lunar New Year's Eve, family members enjoy an elaborate and sumptuous dinner together, pass out *hongbao* 紅包 or red envelopes of money to children, and stay up late as fireworks welcome the arrival of the Lunar New Year. During the long holiday, many visit relatives and friends, travel abroad or domestically, or seek blessings from deities and ancestors at temples or home altars.

Peace Memorial Day 和平紀念日

February 28

On this day, the nation remembers the tens of thousands lost in the aftermath of a riot that broke out on February 28, 1947 due to tensions between civilians and the government. The incident left a deep impact on the people and society of Taiwan, and many honor the victims by visiting memorial monuments and parks throughout the island, including the National 228 Memorial Museum 二二八國家紀念館 in Taipei City 臺北市. Government and civic organizations hold memorial services, concerts, art exhibitions and other activities in an effort to heal the wounds and close the divisions caused by the incident.

Children's Day 兒童節

April 4

In 2011, Taiwan officially designated Children's Day a national holiday to honor and protect the rights of children. In recent years, children's issues

have gained increasing attention and welfare laws have been amended to afford young people stronger protection under the law. On this day, government and civic organizations sponsor a range of family festivities and special events where kids and parents can have fun together.

Tomb Sweeping Day 民族掃墓節
(**Clear Brightness Festival** 清明節)
April 5 in 2014 and 2015

Tomb Sweeping Day is a centuries-old tradition of tidying up one's family gravesite as a way of paying respect to the family's ancestors. At the site, plant overgrowth is cleared away, tombstones are swept and cleaned, and paper and stones are left behind to signify that the grave had been visited. In present times with cremation gaining popularity over ground burial, families continue to pay their respects at columbaria, where cremation urns are stored. The event is also known as the Clear Brightness Festival, referring to the usually spring-like weather in April.

Dragon Boat Festival 端午節
(**Poet's Day** 詩人節)
Fifth day, fifth lunar month (June 2 in 2014; June 20 in 2015)

The centerpiece celebrations of this holiday, which usually takes place in June, are dragon-boat regattas conducted on rivers. The best known of these competitions are held in Taipei City and Changhua County 彰化縣. The signature culinary fare of this celebration is *zongzi* 粽子, glutinous rice dumplings

with a variety of fillings, all wrapped and steamed in bamboo leaves.

Legend has it that these customs began in remembrance of Qu Yuan 屈原, a talented poet who lived more than 2,000 years ago. He was also a loyal counselor to the emperor, but sadly drowned himself in the river after being falsely accused of treason. To save Qu's corpse from hungry fish, local fishermen scattered *zongzi* into the water to feed the fish and paddled out on boats to scare them away.

Mid-Autumn Festival 中秋節
15th day, eighth lunar month (September 8 in 2014; September 27 in 2015)

Along with the Lunar New Year and the Dragon Boat Festival, the Mid-Autumn Festival is one of the three largest holidays in Taiwan. Family members gather in the evening to eat "moon cakes"—thick moon-shaped pastries with rich filling—while admiring the first autumnal full moon. Nighttime barbecues have become popular as well.

Traditionally, people offer sacrifices to the earth god in gratitude for the year's harvest and to pray for a better year to come. People also commemorate the mythical Chang-e 嫦娥, a beautiful woman who flew to the moon after taking an elixir of immortality; she is said to be accompanied there by a jade rabbit.

National Day 國慶日
October 10

This celebration is held on the anniversary of the 1911 Wuchang Uprising

武昌起義, a milestone event that later led to the birth of the ROC. In front of the Presidential Office Building, foreign dignitaries and overseas Taiwanese join citizens in viewing a parade that showcases the nation's traditional and contemporary cultures. Honor guards, school marching bands, indigenous groups, professional singers and dancers, as well as military vehicles are among the highlights. Evening events include the National Day Fireworks Display, which turns the night sky into a dazzling explosion of colors.

Festivals and Events

Lantern Festival 元宵節

Falling on the 15th day of the first lunar month, the Lantern Festival is the culmination of the Lunar New Year season. Across the nation, colorful lanterns are displayed and sweet glutinous rice balls are eaten as a traditional snack.

Notable celebrations include the spectacular Pingxi Sky Lantern Festival 平溪天燈節 in New Taipei City 新北市, the Miaoli Bombing the Dragon festival 燒龍 in Miaoli County 苗栗縣, the Blasting of Han Dan 炸寒單 in Taitung City 臺東市 and the Yanshui Beehive Rockets Festival 鹽水蜂炮 in Tainan City 臺南市. In addition, the Taiwan Lantern Festival 臺灣燈會, which features a colossal lantern fashioned after the Chinese zodiac animal of the year, rotates around the country each year; this festival was held in Nantou County 南投縣 February 14-23 in 2014, the Year of the Horse.

Dajia Ma Zu Pilgrimage

大甲媽祖遶境

The largest religious event in the country, the Dajia Ma Zu Pilgrimage honors the sea goddess Ma Zu 媽祖, regarded by many as Taiwan's most important guardian deity. Every March or April, hundreds of thousands of the faithful take part in the eight- or nine-day procession, beginning from Jenn Lann Temple 鎮瀾宮 in Taichung City 臺中市 and passing through Changhua, Yunlin 雲林 and Chiayi 嘉義 counties before circling back to the starting point.

Flying Fish Festival 蘭嶼飛魚季

Each March through July, the aboriginal Yami 雅美 (or Dawu 達悟) people of Lanyu Island (Orchid Island) 蘭嶼 off Taiwan's southeast coast hold the Flying Fish Festival to honor their most important source of livelihood. The flying fish is carried to Lanyu Island on the warm Kuroshio Current every year. Elaborate ceremonies run months long and include blessings of the boats, praying for an abundant catch, and end-of-harvest rituals.

Confucius Ceremonies 祭孔

Every spring and autumn, Confucius 孔子 temples across the country hold ceremonies to pay homage to the ancient Chinese philosopher, scholar and teacher. The island's oldest Confucius temple was built in 1666 in Tainan City; it was also the most prestigious school of its time. Today, the temple still performs

elaborate Confucius ceremonies with traditional attire, music and dance. One popular ritual involves students plucking hair from oxen—to gain wisdom.

Spring Scream 春天吶喊

Every April since 1995, indie rock bands and music lovers from home and abroad have been gathering at Pingtung County's 屏東縣 Eluanbi Park 鵝鑾鼻公園 for this multi-stage outdoor concert festival. In addition to days of nonstop electric vibes, the event also showcases artistic creations, games, installation art as well as products by independent designers.

Hakka Tung Blossom Festival

客家桐花祭

The Hakka Tung Blossom Festival, held each April to May since 2002, celebrates the culture of the Hakka people, whose ancestors planted tung trees in the foothills of northern and central Taiwan. In bygone times, oil pressed from tung seeds served as a commercially important export. Today, these forests draw visitors to beautiful mountain paths that are covered with fallen tung flowers. Tourists can experience the charm and cuisines of nearby Hakka communities where various music and dance events are also staged.

Penghu Fireworks Festival

澎湖海上花火節

Spanning one to two months between April and June, the Penghu

Fireworks Festival has become the top tourist event on the outlying Penghu Islands 澎湖群島 since it began in 2003. Spectators can enjoy stunning fireworks from only 300 meters away as the displays are set off over the beautiful waters of Penghu Bay 澎湖灣. A lively mix of musical performances rounds out the festivities.

Austronesian Cultural Arts Festival 南島文化藝術節

Launched in 1999 and now held biennially, the Austronesian Cultural Arts Festival in Taitung County 臺東縣 showcases the cultures of Austronesian aboriginal peoples in Taiwan and across the Pacific. Featuring musical performances, art exhibits, and traditional food and craft fairs, the event also provides opportunities for exchanges among Austronesian communities worldwide. In 2014, festivities ran from April through October and focused on the theme of ritual ceremonies.

Taiwan International Balloon Fiesta 臺灣國際熱氣球嘉年華

The Taiwan International Balloon Fiesta in Taitung County has become a popular summer event since it was first held in 2011. Tourists are taken high on hot air balloon rides for panoramic views of the breathtaking East Rift Valley. The festival's other major draws include evening balloon light and music shows and balloon flight performances by international pilots.

Ho-Hai-Yan Gongliao Rock Festival 貢寮國際海洋音樂祭

Every July since 2000, young people have been flocking to this rock music festival on Fulong Beach 福隆海水浴場 in New Taipei City to celebrate their summer break. Integrating the beauty of Taiwan's northeast coast with the spirit of creativity, the event has grown into one of the most well-known performance platforms for independent music.

Yilan International Children's Folklore and Folkgame Festival

宜蘭國際童玩藝術節

The Yilan International Children's Folklore and Folkgame Festival is held every July and August in Yilan County's 宜蘭縣 Dongshan River Water Park 冬山河親水公園. Launched in 1996, the event offers children and their families a host of games, exhibitions and folk performances. It also invites bands of folk dance troupes and music scores from around the world, earning recognition from CIOFF (International Council of Organizations of Folklore Festivals and Folk Arts, an official partner of UNESCO) for the preservation and transmission of cultural heritage. The 2014 theme "jump" was echoed in a variety of exhibitions, performances and games that delighted children and adults alike.

Ghost Month 鬼月

Tradition holds that the gates of the underworld are opened during the seventh lunar month to allow spirits from

the realm of hungry ghosts to roam freely and seek comfort in the world of the living. Religious observances come to a climax on the 15th day of this lunar cycle (usually falling in mid-to-late August), when lavish sacrificial feasts are laid out at temples and in front of homes and shops to placate these wandering souls.

Sun Moon Lake International Swimming Carnival

日月潭萬人泳渡

Every September, tens of thousands of swimmers from home and abroad flock to Nantou County to test their endurance in this open water swim across the island's largest natural lake. The 3.3-kilometer swimming event earned the recognition of the International Olympic Committee in 1995 as the world's biggest swimming event and was inducted into the International Swimming Hall of Fame in 2002. Over 25,000 people from Taiwan and 29 other countries participated in the event in 2013.

Kaohsiung Zuoying Wannian Folklore Festival 高雄左營萬年季

Each October since 2001, the Kaohsiung City Government 高雄市政府 has hosted the Zuoying Wannian Folklore Festival to mark the historical and cultural heritage of Zuoying District 左營區, known in earlier times as Wannian County 萬年縣. The nine-day festival also includes religious events such as the

Fiery Lion Parade 迎火獅 hosted by local temples, fireworks and exhibitions.

Taiwan Open of Surfing

臺灣國際衝浪公開賽

Every November since 2011, the Taiwan Open of Surfing has been held at Jinzun Harbor 金樽漁港 in Taitung County's Donghe Township 東河鄉, where perfect waves, beautiful scenery and long stretches of sandy beaches abound. Widely known as surfers' paradise, Taitung was certified as an international surfing competition venue by the Asia Surfing Championships in 2012. The event also became part of the Association of Surfing Professionals World Tour in 2013, making it the crowning surf event in Taiwan.

Taipei International Beef Noodle Festival 臺北國際牛肉麵節

The Taipei City Government has held the Taipei International Beef

Noodle Festival around November and December each year since 2005 to celebrate this beloved national dish. One of the most popular events is the cooking competition, where restaurants and chefs present their creative recipes to compete for the title of best beef noodles. The winners proudly display their certificates on storefronts for years to come.

Taipei New Year's Eve Countdown Party

At midnight on New Year's Eve, fireworks displays light up the skies throughout Taiwan. The most dazzling of these is the Taipei 101 show: more than a million people gather in the adjacent city hall plaza and its neighboring areas to ring in the New Year and admire fireworks launched from the skyscraper itself. ■

Chronology: 2013

- Jan. 1 The National Youth Commission 行政院青年輔導委員會 ceases operations and is succeeded by the new Youth Development Administration 青年發展署 under the Ministry of Education (MOE).
- The Sports Affairs Council 行政院體育委員會 also walks into history, being succeeded by the new Sports Administration 體育署 under the MOE.
- The “Second-generation National Health Insurance” 二代健保 system is implemented, imposing a 2-percent supplementary premium charge on individuals for income arising from part-time work, stock dividends, interest earnings, rental income, professional practice income, and bonuses exceeding four months’ wages.
- Under the Cross-Straits Economic Cooperation Framework Agreement 海峽兩岸經濟合作架構協議, customs tariffs are eliminated on all “early harvest list” goods traded between Taiwan and mainland China.
- Taiwan raises the minimum hourly wage to NT\$109 (US\$3.66).
- 4 The Legislative Yuan (Legislature) 立法院 passes the Transfer of Sentenced Persons Act 跨國移交受刑人法, clearing the way for Republic of China (ROC) citizens incarcerated abroad and foreign nationals jailed in Taiwan to finish their sentences in their respective countries and territories.
- 8 The Legislative Yuan approves amendments to the Wildlife Conservation Act 野生動物保育法, banning exports and imports of live marine mammals and associated products.
- 11 The Legislature ratifies revisions to the Trade Secrets Act 營業秘密法, adding criminal liabilities and stiffer civil penalties for violators.
- 14 The Legislature greenlights amendments to the Act Governing the Punishment of Violation of Road Traffic Regulations 道路交通管理處罰條例, providing tougher punishment for those driving under the influence of alcohol or narcotics.
- 17 Taiwan and Thailand ink an agreement on combating transnational economic crimes.
- 29 The first meeting of the Cross-Strait Securities and Futures Supervisory Cooperation Platform 兩岸證券期貨監理合作平臺 takes place in Taipei City 臺北市, where Taiwanese and mainland Chinese authorities concluded measures concerning securities and futures market access and the two-way flow of funds in the capital market.

Feb. 1	The Cross-Strait Bilateral Investment Protection and Promotion Agreement 海峽兩岸投資保障和促進協議 and the Cross-Strait Customs Cooperation Agreement 海峽兩岸海關合作協議 come into force, a strong boost to business activity between Taiwan and mainland China.
4	Taiwan and the United States renew an agreement on privileges, tax exemptions and immunity for diplomats stationed in each other's country.
6	The National Palace Museum Southern Branch 國立故宮博物院南部院區 breaks ground in Chiayi County 嘉義縣, a milestone in cultural development and balanced regional growth.
Mar. 4	ROC passport holders are granted visa-free entry privileges to the British territory of the Cayman Islands for stays of up to 30 days, with the possibility to extend up to six months.
7	The Executive Yuan approves the draft Energy Safety and Non-Nuclear Homeland Promotion Act 能源安全與非核家園推動法 and passes it on for legislative review. The bill aims to ensure nuclear safety, steadily reduce dependence on nuclear energy, and create a low-carbon environment.
10	Taiwan and the United States resume talks under the bilateral Trade and Investment Framework Agreement after a five-year hiatus.
18	President Ma Ying-jeou 馬英九 makes a three-day trip to the Vatican for the inaugural Mass of Pope Francis.
26	President Christopher Loek of the Republic of the Marshall Islands leads a 10-member delegation to the ROC.
29	Taiwan and Belgium kick off a working holiday program for young people.
Apr. 1	Macedonia extends visa-free entry privileges to ROC nationals from April 2013 to March 2018.
	The minimum monthly wage is raised to NT\$19,047 (US\$640).
10	Taiwan and Japan sign a landmark fisheries agreement that defines their respective fishing rights in disputed territories surrounding the Diaoyutai Islands 釣魚臺列嶼 in the East China Sea.
19	Taiwan and the Philippines sign an agreement on mutual legal assistance in criminal matters.
May 15	Turkey accords electronic visa privileges to facilitate the visa process for ROC passport holders.

17	Taiwan bans the sale and slaughter of live poultry in traditional marketplaces to reduce the risk of transmission of the H7N9 influenza that has broken out in the Chinese mainland.
18	Paraguay President Luis Federico Franco Gómez makes a state visit to the ROC along with several high-level officials.
20	A Taiwan delegation led by Health Minister Chiu Wen-ta 邱文達 takes part in the 66th World Health Assembly as an observer.
29	Kiribati President Anote Tong pays a state visit to the ROC at the head of an 11-member delegation.
31	The Legislative Yuan approves amendments to the Criminal Code of the Republic of China 中華民國刑法, stiffening punishments for drunk driving.
	The Legislature passes amendments to the Act Governing Food Sanitation 食品衛生管理法 with a maximum penalty of life imprisonment, part of government efforts to eradicate the use of unapproved additives in food products and safeguard public health.
June 3	Taiwan inaugurates its permanent World Trade Organization (WTO) office in Geneva, Switzerland, the first time the ROC government has established a presence of this kind in Europe.
10	Taiwan opens the world's largest—and Asia's first—carbon capture plant in Hualien County 花蓮縣 employing calcium looping process technology.
16	Guatemalan President Otto Pérez Molina begins his state visit to the ROC.
17	Southern Taiwan's Port of Kaohsiung 高雄港 is named by the London Metal Exchange as its ninth delivery point in Asia.
18	The Legislative Yuan greenlights amendments to the Labor Safety and Health Act 職業安全衛生法, paving the way for Taiwan workers to enjoy greater on-the-job protections.
21	Taiwan and mainland China ink the Cross-Strait Agreement on Trade in Services 海峽兩岸服務貿易協議 in Shanghai.
25	The Legislature ratifies revisions to the Income Tax Act 所得稅法, clearing the way for reintroduction of a securities gains levy.
27	The Legislative Yuan passes the Senior High School Education Act 高級中等教育法 as the legal basis for the 12-year national fundamental education system, to be launched in August 2014.

29	The two-day Asia-Pacific Economic Cooperation (APEC) Conference: Innovation and ICT for Women Business wraps up in Taipei City with more than 150 representatives and experts from 13 APEC economies.
July 1	A Taiwan-Japan mutual recognition agreement covering certification of electronics and electrical products comes into effect.
6	Taiwan's Hsieh Su-wei 謝淑薇 and her mainland Chinese tennis partner Peng Shuai 彭帥 win the women's doubles title at Wimbledon, the first time a Taiwan player has bagged a Grand Slam title.
10	The Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation 臺紐經濟合作協定 is signed—Taiwan's first free trade pact with a developed economy.
15	The Asian Productivity Organization's (APO) food and agribusiness conference opens in Taipei City with close to 100 industry participants, government officials and academics from 13 APO member countries attending the four-day gathering.
16	Taiwan and the United States ink three agreements on environmental protection and atmospheric monitoring.
23	The Ministry of Health and Welfare is created from the merger of the former Department of Health 行政院衛生署, the Ministry of the Interior's social welfare units, and the MOE's National Research Institute of Chinese Medicine 國立中國醫藥研究所.
	Taiwan's first official housing index is introduced by the Taipei City Government to promote real estate information transparency and healthy development of the housing market.
28	Taiwan wins the silver medal at the 2013 International Baseball Federation Under-12 Baseball World Cup tournament held in Taipei City.
Aug. 5	Taipei City hosts the APEC seminar Strengthening Public-Private Partnership to Reduce Food Losses in the Supply Chain, attracting more than 130 participants from 18 member economies.
6	The International Medical Tourism Forum 國際醫療觀光論壇, underscoring health care services opportunities stemming from expanded exchanges with mainland China, opens in Taipei City with more than 550 participants.
	The Legislative Yuan passes amendments to the Code of Court Martial Procedure 軍事審判法, transferring jurisdiction of all military criminal cases occurring during peacetime to the civilian court system. Offenses committed in wartime will continue to be prosecuted and tried by military courts.

8	Following months of protests and sanctions by Taiwan, the Philippine government expresses apology and acknowledges the wrongdoing of its coast guards in the May 9 shooting attack on the unarmed Taiwan-registered fishing vessel <i>Guang Da Xing No. 28</i> 廣大興28號, which resulted in the death of Taiwanese fisherman Hong Shi-cheng 洪石成.
	Taiwan's Free Economic Pilot Zone 自由經濟示範區 project is officially launched to expedite the nation's transformation into a free trade island.
11	President Ma Ying-jeou kicks off a 12-day diplomatic ally tour of Paraguay, Haiti, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.
15	Taipei City hosts the annual APEC Digital Opportunity Center Workshop, which examined ways of reducing the digital divide in member economies.
29	To improve human rights protection in the military, the Executive Yuan sets up the Military Injustice Petitions Committee 軍事冤案申訴委員會 to reinvestigate cases of alleged military injustice and to review disputable trial verdicts from the past.
30	Taiwan releases its first set of National Well-being Indicators 國民幸福指數, compiled in accordance with the "Your Better Life Index" of the Organization of Economic Cooperation and Development, as a measure of citizens' living conditions, quality of life and social well-being.
Sept. 9	The 20th Pharmaceutical Inspection Convention and Cooperation Scheme Expert Circle on Human Blood, Tissues and Cells opens in Taipei City, attracting 51 health officials from 22 countries.
11	Taiwan and Thailand ink an agreement on higher education cooperation.
20	Taiwan and Spain ink a memorandum of understanding (MOU) on a Patent Prosecution Highway to speed up the processing of patent applications.
24	A Taiwan delegation led by Shen Chi 沈啟, director-general of the Civil Aeronautics Administration under the Ministry of Transportation and Communications 交通部民用航空局, takes part in the 38th assembly of the International Civil Aviation Organization (ICAO) as special guests of the ICAO president.
27	The APEC Workshop on Renewable Energy Promotion and Pricing Mechanism wraps up in Taipei City, with 110 participants from APEC member economies discussing energy sustainability and pricing strategies.

Oct. 7	Former ROC Vice President Vincent C. Siew 蕭萬長 takes part in the APEC Leaders' Meeting in Indonesia as President Ma Ying-jeou's representative.
	Montserrat, a British overseas territory in the Caribbean, affords visa-free privileges to ROC tourists for stays of up to six months.
11	In celebration of the first annual Taiwan Girls Day 臺灣女孩日, the Executive Yuan implements the Action Plan for Enhancement of Girls' Rights 提升女孩權益行動方案, which has the goals of advancing girls' rights in the areas of health, education, physical safety, culture and the media.
14	The ROC participates under its official title "Taiwan, ROC" as one of the 100 founding members at the inaugural assembly of the Association of World Election Bodies, held in South Korea.
15	The ROC (Taiwan)-U.S.-Japan Trilateral Security Dialogue opens in Taipei City, gathering leading academics and lawmakers from the three countries to discuss strategic security relations.
16	Taiwan and Russia ink an aviation pact, paving the way for direct flights between the two nations.
17	The first cross-strait insurance supervision and cooperation meeting is convened in Taipei City, bringing together representatives of financial regulatory bodies from Taiwan and mainland China.
22	At a fisheries cooperation meeting, Taiwan and the Philippines agree to establish a cooperative mechanism for enforcing fishing regulations in overlapping exclusive economic zones and avoiding the use of force in law enforcement actions. It is hoped the mechanism will prevent the recurrence of international incidents such as the <i>Guang Da Xing</i> No. 28 shooting.
Nov. 1	The ROC and Australia sign a strategic partnership action plan at the 19th Taiwan-Australia Joint Energy and Minerals, Trade and Investment Cooperation Consultations, held in Australia.
5	Taiwan and Japan conclude five cooperative agreements that span e-commerce, high-speed rail transportation, intellectual property rights applications, pharmaceutical regulations, and search and rescue operations involving aviation accidents at sea.
6	Taiwan and Germany ink a prisoner exchange pact which allows prisoners to be returned to their respective home countries to serve out the remainder of their sentences.

7	The Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnerships 臺星經濟夥伴協定—Taiwan's first free trade pact with a Southeast Asian nation—is concluded.
10	The ROC government announces a donation of US\$200,000 to help the Philippines recover from the havoc wreaked November 8 by massive Typhoon Haiyan 海燕颱風. (Total cash and material donations by Taiwan's public and private sectors reached US\$10.19 million as of December 5.)
18	The ROC ends diplomatic ties with The Gambia in response to an abrupt decision by Gambian President Yahya Jammeh to unilaterally sever diplomatic relations with Taiwan.
	Taiwan and Canada sign a new aviation accord that extends to airline safety and security, removes the limit on cargo flights, and increases passenger flights.
20	The Executive Yuan announces a food safety risk classification system to help consumers quickly differentiate the level of risk among problematic foods.
21	Taiwan and the Netherlands pen an MOU to continue R&D cooperation in life science and health, green energy sources, and high-tech systems and materials.
28	Taiwan and Japan ink an MOU on financial supervision.
29	Kosovo extends visa-waiver privileges to ROC citizens who visit the Balkan country for stays of up to 90 days.
Dec. 2	Taiwan wins observer status from the European Pharmacopoeia Commission, which sets the standards for drug quality, testing and pharmaceutical management in Europe.
3	Taiwan's International Cooperation and Development Fund 國際合作發展基金會 signs a cooperative agreement with the Norwegian nongovernmental organization Luke International to improve management of AIDS, tuberculosis and high blood pressure among South African migrant groups.
4	At the ninth WTO Ministerial Conference in Indonesia, Taiwan donates US\$200,000 to the Doha Development Agenda Global Trust Fund for bolstering WTO technical assistance programs.
	Taiwan and Panama sign an agreement on the application of the two sides' trade competition laws.

9 The Taiwan-Malaysia Joint Economic Conference is revived after a hiatus of more than 12 years. This latest meeting was held in Kuala Lumpur, between Taipei City-based Chinese International Economic Cooperation Association 中華民國國際經濟合作協會 and the National Chamber of Commerce and Industry of Malaysia.

10 Taiwan and Israel ink a pact concerning cooperation on standardization, conformity assessment and metrology. The agreement is expected to eliminate barriers to trade and deepen collaborations on consumer product safety.

31 The Executive Yuan completes Taiwan's second national report on implementation of the United Nation's Convention on the Elimination of All Forms of Discrimination against Women.

History of the Republic of China

Birth of the Republic of China

In the late 19th and early 20th centuries, when the vast empire of the Qing dynasty 清朝 was weakened by decades of domestic strife and foreign aggression, a number of groups dedicated to overthrowing the imperial court arose. Among them was the Revive China Society 興中會 founded by Sun Yat-sen 孫中山 in Honolulu in 1894, which joined with other groups to establish the Chinese Revolutionary Alliance 中國同盟會 in 1905 while Sun was in exile in Tokyo. On October 10, 1911, revolutionaries launched an uprising in the city of Wuchang 武昌, which quickly spread throughout the country. By January 1, 1912, the Chinese Revolutionary Alliance controlled a majority of the provinces and established the Provisional Government of the Republic of China (ROC) in Nanjing, with Sun Yat-sen as president. The Xuantong 宣統 Emperor (often referred to as Puyi 溥儀) of the Qing Empire abdicated on February 12, 1912.

Uncertain Beginnings

Soon thereafter, in the interest of national unity, Sun relinquished the office of provisional ROC president in favor of Yuan Shi-kai 袁世凱, commander of the powerful Beiyang Army 北洋軍. After being formally elected to the ROC presidency and inaugurated on October 10, 1913, however, Yuan

assumed dictatorial power. Heedless of widespread opposition, he arranged to have himself elected as the “Great Emperor of China” on December 12, 1915.

These actions sparked widespread revolts. Yunnan Province 雲南省 declared independence weeks later, and six additional provinces followed suit in 1916. Amid such intense opposition, and after troops dispatched to suppress the rebellion were defeated, Yuan renounced monarchy in March 1916. Thereafter, he fell gravely ill and died on June 6, 1916.

The Warlord Era

Following Yuan Shi-kai’s death, China was fractured by regional military governments. Viewing as illegitimate the Beijing-based government controlled by the Beiyang military regime, Sun Yat-sen returned to his southern home city of Guangzhou 廣州 and began rebuilding an ROC government faithful to the ideals of the 1911 revolution. In 1919, Sun and his comrades completed a thorough reorganization of the Kuomintang (KMT) 中國國民黨—also known as the Chinese Nationalist Party—and in 1921 he assumed the presidency of the Guangzhou-based government.

When conflict between regional warlords erupted in 1922, Sun issued a manifesto calling for the unification of China. Under his leadership, the ROC government in Guangzhou

established the Whampoa Military Academy 黃埔軍校.

On November 10, 1924, Sun called for a “national people’s convention” to bring China’s regional leaders together and negotiate unification. As the head of the Guangzhou-based government, Sun traveled north to hold talks with leaders of the Beijing-based government. While there, however, Sun died of cancer on March 12, 1925.

Sun’s untimely death left the southern government in the hands of a steering committee, which appointed Chiang Kai-shek 蔣中正 commander-in-chief of the National Revolutionary Army 國民革命軍 in June 1926. Chiang led a military expedition and subdued warlords in central and northern China. This Northern Expedition 北伐 lasted less than three years. With the elimination of the rival Beijing-based government, the government in Nanjing, established in April 1927 by the National Revolutionary Army, became internationally recognized as China’s legitimate government.

Second Sino-Japanese War, Civil War

Much of the northeastern territory known at that time as Manchuria 滿洲, however, remained under the control of Russia and later Japan. Threatened with having to relinquish its hegemony there and its economic privileges in other regions of China, Japan annexed Manchuria in 1931 and, in 1932, created a puppet state known

as Manchukuo 滿洲國, where Puyi was installed as emperor.

Meanwhile, Chinese Communist Party (CCP) 中國共產黨 rebels challenged the ROC government’s legitimacy. Beginning in 1927, the CCP fomented uprisings in a number of cities, and it eventually established a breakaway “liberated zone” in Jiangxi Province 江西省.

On July 7, 1937, a shooting incident between Japanese and Chinese troops at the Marco Polo Bridge 盧溝橋 near Beijing marked the beginning of the War of Resistance Against Japan, also known as the Second Sino-Japanese War (1937-1945). During the early years of the war, Japan won successive victories. The ROC capital of Nanjing fell in December 1937, and Japanese forces killed some 300,000 people there in seven weeks of unrelenting carnage known as the Rape of Nanjing 南京大屠殺.

The loss of Nanjing forced the ROC government to move up the Yangtze River 長江 to Chongqing 重慶. There, the government worked to rebuild its armed forces. In 1941, U.S. President Franklin D. Roosevelt ordered shipments of large quantities of arms and equipment to China and dispatched military advisors there. Following the Japanese attack on Pearl Harbor on December 7, 1941, the United States and Britain declared war on Japan and developed close ties with the ROC, which officially joined the Allied Powers.

In November 1943, Chiang met with Roosevelt and British Prime

Minister Winston Churchill in Cairo to discuss the postwar disposition of Japanese territories. On December 1, their governments released a joint communiqué known as the Cairo Declaration. In part, the document reads, “The Three Great Allies are fighting this war to restrain and punish the aggression of Japan. They covet no gain for themselves and have no thought of territorial expansion. It is their purpose that ... all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa [Taiwan], and the Pescadores [Penghu Islands 澎湖群島], shall be restored to the Republic of China.”

On August 6, 1945, U.S. forces dropped an atomic bomb on Hiroshima. Three days later, a second one was dropped on Nagasaki. On August 14, Japan announced its formal surrender in accordance with the terms of the Potsdam Declaration of July 1945, which stated that “the terms of the Cairo Declaration shall be carried out.” The Japanese forces in mainland China surrendered to the ROC government on September 9, 1945 in Nanjing.

Postwar Developments on the Chinese Mainland

Prior to Japan's surrender, CCP rebel troops had moved into Japanese-held territory and seized Japanese arms. The KMT-led government held peace talks with the CCP, culminating in an agreement on October 10, 1945. The agreement

called for convening a multiparty political consultative conference to plan a liberal, democratic postwar government and to draft a constitution. Conciliation efforts ultimately came to naught, however, and fighting between government and communist troops resumed, with communist Russia supplying the CCP with weapons.

Nevertheless, a new constitution was promulgated on January 1, 1947. In the following year, members of the National Assembly 國民大會, the Legislative Yuan 立法院 and the Control Yuan 監察院 were elected, and in April 1948, the National Assembly elected Chiang Kai-shek president of the republic.

Setbacks in the war against communist rebels, combined with war debts and runaway inflation, undermined the ability of the central government in Nanjing to maintain social order. In early 1949, President Chiang began moving troops to Taiwan. After losing the civil war to the CCP, the ROC government began relocating to Taiwan. In all, some 1.2 million Chinese civilians and soldiers moved to the island at that time.

History of Taiwan

Taiwan's Original Inhabitants

Taiwan's first inhabitants left no written records of their origins. Anthropological evidence suggests that the island's indigenous peoples are descended from proto-Malaysians.

Their languages belong to the Austro-nesian language family. The majority of prehistoric artifacts found at over 500 sites indicate an Indonesian connection, while some items suggest that Taiwan's earliest settlers might have come from the southern part of mainland China.

European Trading Bases in Taiwan (1624-1662)

The first Westerners to establish communities in Taiwan came from the Netherlands via bases in the Dutch East Indies (today's Indonesia). In 1622, the Dutch East India Company set up a base in the Penghu Islands off Taiwan's southwest coast but was driven away by Ming-dynasty 明朝 forces. In 1624, it established a base in the vicinity of today's Tainan City 臺南市 from which it extended its hegemony over the island's southwestern coast.

Meanwhile, in 1626, a rival Spanish consortium occupied areas in northern Taiwan corresponding to today's Keelung City 基隆市 and Tam-sui 淡水, only to be driven out by the Dutch in 1642. Under Dutch control, Taiwan's seaports became important entrepôts for maritime trade and the transshipment of goods between Japan, China, Southeast Asia, South Asia and Europe.

While the Dutch were active in Taiwan, Ming-dynasty China underwent social upheaval and widespread devastation as Manchu conquerors began invading from the northeast in 1644. Thousands of Chinese in the

coastal provinces of Fujian 福建 and Guangdong 廣東 risked the dangers of crossing the Taiwan Strait to reach the island. By 1662, an estimated 40,000 of them had successfully done so.

Reign of the Zheng Family (1661-1683)

Forces loyal to the Ming court fled southward as they resisted the Manchu incursions. One of the best-known leaders of armed resistance was Zheng Cheng-gong 鄭成功 (Koxinga), the "godfather" of a syndicate of traders, pirates and private armies whose operations ranged from Japan to Southeast Asia. In 1661, Zheng's naval fleet and army laid siege to the Dutch East India Company headquarters in Taiwan. In 1662, the two sides negotiated a treaty whereby the Dutch left the island.

With Zheng's forces came a number of Ming nobility, officials and literati. Under the rule of Zheng Cheng-gong, his son Zheng Jing 鄭經 and grandson Zheng Ke-shuang 鄭克塽, these refugees created a mini-kingdom with a Chinese-style political system which lasted for 22 years before it was annihilated by the Qing Empire in 1683.

Qing-dynasty Rule (1683-1895)

During the two-plus centuries of Qing rule over Taiwan, hundreds of thousands of impoverished people in China's Fujian and Guangdong provinces flouted the Qing court's

ban on travel to the island and migrated there to make a fresh start. The bulk of these people were farmers who mainly engaged in rice and sugarcane cultivation.

As a consequence of the Second Opium War (1856-1860), the Qing government opened four ports in Taiwan—Keelung, Tamsui, Anping 安平 (now part of Tainan City) and Takau 打狗 (today's Kaohsiung City 高雄市)—to Western traders. Thereafter, tea and camphor, which enjoyed great global demand, became major cash crops. Northern Taiwan, the primary source of these products as well as of coal, overtook the southwest as the island's economic and political hub.

By the mid-19th century, foreign powers, including the British forces and Japan, were challenging the Qing dynasty's sovereignty over Taiwan. In response, the Qing government shored up the island's defenses and expedited development of its economy and infrastructure. In October 1885, soon after the Sino-French War (1884-1885) during which French forces invaded parts of northern Taiwan, the Qing government declared Taiwan a province of the empire and appointed Liu Mingchuan 劉銘傳 as its first governor.

Japanese Colonial Rule (1895-1945)

In 1894, the First Sino-Japanese War broke out between the Qing Empire and the Japanese Empire after the latter invaded Korea. Under the

terms of the 1895 Treaty of Shimonoseki that concluded the conflict, Taiwan was ceded to Japan. Rejecting this outcome, Taiwanese intelligentsia proclaimed the establishment of the Democratic Republic of Taiwan 臺灣民主國. This bid for self-rule failed, however, as Japanese troops crushed all resistance of local militias within half a year.

Pacification and Special Governance (1895-1919)

In addition to hard measures taken to suppress and deter rebellion, the Japanese colonial government instituted a number of soft measures as well, including a phased ban on opium smoking and a land reform program. In addition to taking control of opium distribution, the Japanese government nationalized the production and marketing of camphor, salt and a number of other commodities. It also strove to expand sugar and coal production.

Assimilation of Taiwan as an Extension of Japan (1919-1936)

Tokyo proclaimed that the Taiwanese enjoyed the same legal rights as Japanese citizens in the home islands. Compulsory Japanese-language education was enforced, while programs for cultural assimilation were promoted and the pace of economic development accelerated.

Kominka or Japanization (1937-1945)

After the Second Sino-Japanese War broke out in 1937, the colonial government promoted the Kominka

Movement 皇民化運動, or Japanization, by encouraging Taiwanese to adopt Japanese names and customs. To meet wartime demands, the development of heavy industry was stepped up, and Taiwanese were recruited into the Japanese Imperial Army.

By the time the United States declared war against Japan in December 1941, Taiwan boasted what some scholars describe as the most modern industrial and transportation infrastructure in Asia outside of Japan, and its agricultural development was second to none. Public health programs had eradicated diseases common in many places in Asia; sophisticated banking and business practices were in place; and literacy levels had greatly improved.

Despite material progress, persistent discrimination led to protests against Japanese rule. A movement seeking autonomy for Taiwan was launched in the 1920s but its efforts in the end came to nothing. In the Wushe Incident 霧社事件, which began October 1930 in the mountain village of Wushe in today's Nantou County 南投縣, hundreds of Seediq (or Sediq) 賽德克 warriors staged a bloody uprising that was ultimately crushed by Japanese troops.

Japanese colonial rule of Taiwan came to an end as a result of Japan's defeat in World War II. After Japan announced its surrender in August 1945, ROC troops and officials assumed administrative authority over

Taiwan and received the surrender of Japanese troops in Taiwan on October 25, 1945.

The ROC on Taiwan (1945-)

Shortly after the takeover, the Nanjing-based ROC government incorporated Taiwan as a province of the ROC in line with the Cairo Declaration. Over the six decades since the ROC government relocated to Taipei 臺北 in 1949, it has exercised jurisdiction over Taiwan and a number of other islands, while the Beijing-based CCP regime has exercised jurisdiction over the Chinese mainland. During that time, the two societies have developed in radically different directions: Taiwan has joined the ranks of democracies while the mainland has remained under authoritarian rule.

The February 28 Incident and Martial Law

The first years of the Nanjing-based ROC government's rule over Taiwan were marked by corruption, controversial expropriation of property, inflation, outbreaks of contagious diseases and shortages of essential commodities. On February 28, 1947, a woman in Taipei was beaten by police while resisting arrest for selling bootlegged cigarettes, and a bystander was shot dead during the commotion. Resultant tensions between civilians and ROC

administrators boiled over and riots broke out throughout the island. In the succeeding weeks of turmoil, referred to as the February 28 Incident 二二八事件, military reinforcements dispatched from the Chinese mainland killed thousands of people in Taiwan.

The year of the ROC government's relocation from the mainland marked the formal beginning of martial law, as the two sides of Taiwan Strait were technically still at war. This period officially lasted from 1949 to 1987. Under martial law, the KMT-controlled government imposed press censorship, banned the establishment of new political parties, and restricted the freedoms of speech, publication, assembly and association.

Political Developments and Reform

Upon the death of President Chiang Kai-shek in 1975, then-Vice President Yen Chia-kan 嚴家淦 served as president until 1978, when he was succeeded by Chiang's son, Chiang Ching-kuo 蔣經國. The late 1970s and early 1980s saw the formation and development of an informal coalition of opposition politicians and political activists known as the *dangwai* 黨外 ("party outsiders," alluding to the fact that they were not affiliated with the KMT).

In December 1979, a rally in Kaohsiung City organized by leading *dangwai* figures to observe International Human Rights Day turned violent when thousands of participants

were hemmed in by military police. In connection with this event, known as the Kaohsiung Incident 美麗島事件, prominent dissidents were detained, convicted of sedition by a military tribunal and imprisoned. However, the incident and the repression that followed added steam to the democracy movement in Taiwan. In September 1986, *dangwai* leaders established the Democratic Progressive Party (DPP) 民主進步黨 in defiance of the ban on the formation of new political parties.

President Chiang Ching-kuo rescinded martial law in July 1987. Bans on the establishment of new political parties and news publications were also lifted shortly before his death in January 1988. His successor, Lee Teng-hui 李登輝, took vigorous action to reform the political system. Under Lee's administration, private visits to the Chinese mainland increased and the ROC Constitution was amended to require direct election of the president and all legislators by citizens residing in its effective jurisdiction.

In 1996, incumbent President Lee became the first president to be directly elected by the people. Previously, the ROC president and vice president had been voted in by the popularly elected National Assembly. In 2000, DPP candidate Chen Shui-bian 陳水扁 was elected president, marking the first-ever transfer of governing power between political parties. Chen was re-elected in March 2004. Under the Chen administration, the Referendum

Act 公民投票法 was enacted in 2003, and the first national referendums were conducted in 2004.

Recent Developments

The inauguration of the KMT's Ma Ying-jeou 馬英九 as ROC president in May 2008 marked the nation's second democratic transfer of power. Since the Ma administration came into office, tensions between Taiwan and mainland China have eased as a consequence of resuming long-suspended institutionalized talks between Taiwan's semi-official Straits Exchange Foundation 海峽交流基金會 and its mainland counterpart, the Association for Relations Across the Taiwan Straits 海峽兩岸關係協會.

Since 2008, the ROC government has pursued a policy of “viable diplomacy” 活路外交, aimed at ending counterproductive cross-strait rivalry in the international arena, while at the same time integrating Taiwan more fully into the Asia-Pacific regional economy. Further, in June 2010, Taiwan and the mainland signed the Cross-Straits Economic Cooperation Framework Agreement (ECFA) 海峽兩岸經濟合作架構協議. The ECFA is of particular significance in helping to foster the trust and cooperation necessary to usher in a new era of peaceful development across the Taiwan Strait and in East Asia.

Relations between Taiwan and mainland China have improved further during President Ma's second term, which began in May of 2012,

with both sides seeking to expand economic cooperation. That August, the two sides inked a memorandum on cross-strait currency clearance cooperation, paving the way for collaboration on a currency swap mechanism. In February 2013, pacts on cross-strait investment protection and customs cooperation came into force with respective objectives of protecting the interests of cross-strait investors and reducing business costs by fast-tracking clearance procedures. And in June 2013, an agreement on trade in services was signed in which Taiwan and the mainland resolved to open dozens of services sectors to each other with a view to spurring economic activity and creating job opportunities.

Looking Forward

Eyeing long-term national development, since 2012 the ROC government has launched a series of initiatives under a “Golden Decade National Vision” blueprint, with a robust economy, just society, environmental sustainability and well-rounded development slated as primary objectives. Its approaches include:

- Changing the nation's growth model focus from efficiency to openness and innovation.
- Shifting policy focus from gross domestic product to gross national happiness.
- Augmenting the definition of national strength to include soft

- and smart power in addition to hard power.
- Changing the model for trade expansion from self-development to strategic alliance.

Addressing the aging of the population is also a particular focus of the government. Its response strategies include improving labor productivity and income distribution, reforming the educational and pension systems, encouraging skilled immigration and expanding long-term care.

To sustain and bolster its growth momentum, the ROC is now heading full-speed toward economic

liberalization and regional integration. Free economic pilot zones 自由經濟示範區 were launched in August 2013 to attract capital and talent, while deregulation and harmonization of domestic regulations with international standards have been stepped up to prepare the country for participation in key trade blocs such as the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership. Measures are also in place to ease financing for innovative industries and startups and encourage industrial upgrading. ■

The Constitution of the Republic of China

Adopted by the National Assembly on December 25, 1946, promulgated by the national government on January 1, 1947, and effective from December 25, 1947

The National Assembly of the Republic of China, by virtue of the mandate received from the whole body of citizens, in accordance with the teachings bequeathed by Dr. Sun Yat-sen in founding the Republic of China, and in order to consolidate the authority of the State, safeguard the rights of the people, ensure social tranquility, and promote the welfare of the people, does hereby establish this Constitution, to be promulgated throughout the country for faithful and perpetual observance by all.

Chapter I. General Provisions

Article 1. The Republic of China, founded on the Three Principles of the People, shall be a democratic republic of the people, to be governed by the people and for the people.

Article 2. The sovereignty of the Republic of China shall reside in the whole body of citizens.

Article 3. Persons possessing the nationality of the Republic of China shall be citizens of the Republic of China.

Article 4. The territory of the Republic of China according to its

existing national boundaries shall not be altered except by resolution of the National Assembly.

Article 5. There shall be equality among the various racial groups in the Republic of China.

Article 6. The national flag of the Republic of China shall be of red ground with a blue sky and a white sun in the upper left corner.

Chapter II. Rights and Duties of the People

Article 7. All citizens of the Republic of China, irrespective of sex, religion, race, class, or party affiliation, shall be equal before the law.

Article 8. Personal freedom shall be guaranteed to the people. Except in case of *flagrante delicto* as provided by law, no person shall be arrested or detained otherwise than by a judicial or a police organ in accordance with the procedure prescribed by law. No person shall be tried or punished otherwise than by a law court in accordance with the procedure prescribed by law. Any arrest, detention, trial, or punishment which is not in accordance with the procedure prescribed by law may be resisted.

When a person is arrested or detained on suspicion of having committed a crime, the organ making the arrest or detention shall in

writing inform the said person, and his designated relative or friend, of the grounds for his arrest or detention, and shall, within 24 hours, turn him over to a competent court for trial. The said person, or any other person, may petition the competent court that a writ be served within 24 hours on the organ making the arrest for the surrender of the said person for trial.

The court shall not reject the petition mentioned in the preceding paragraph, nor shall it order the organ concerned to make an investigation and report first. The organ concerned shall not refuse to execute, or delay in executing, the writ of the court for the surrender of the said person for trial.

When a person is unlawfully arrested or detained by any organ, he or any other person may petition the court for an investigation. The court shall not reject such a petition, and shall, within 24 hours, investigate the action of the organ concerned and deal with the matter in accordance with law.

Article 9. Except those in active military service, no person shall be subject to trial by a military tribunal.

Article 10. The people shall have freedom of residence and of change of residence.

Article 11. The people shall have freedom of speech, teaching, writing and publication.

Article 12. The people shall have freedom of privacy of correspondence.

Article 13. The people shall have freedom of religious belief.

Article 14. The people shall have freedom of assembly and association.

Article 15. The right of existence, the right of work, and the right of property shall be guaranteed to the people.

Article 16. The people shall have the right of presenting petitions, lodging complaints, or instituting legal proceedings.

Article 17. The people shall have the right of election, recall, initiative and referendum.

Article 18. The people shall have the right of taking public examinations and of holding public offices.

Article 19. The people shall have the duty of paying taxes in accordance with law.

Article 20. The people shall have the duty of performing military service in accordance with law.

Article 21. The people shall have the right and the duty of receiving citizens' education.

Article 22. All other freedoms and rights of the people that are not detrimental to social order or public welfare shall be guaranteed under the Constitution.

Article 23. All the freedoms and rights enumerated in the preceding articles shall not be restricted by law except by such as may be necessary to prevent infringement upon the freedoms of other persons, to avert an imminent crisis, to maintain social order or to advance public welfare.

Article 24. Any public functionary who, in violation of law, infringes upon the freedom or right of any person shall, in addition to being subject to disciplinary measures in accordance with law, be held responsible under criminal and civil laws. The injured person may, in accordance with law, claim compensation from the State for damage sustained.

Chapter III. The National Assembly

Article 25. The National Assembly shall, in accordance with the provisions of this Constitution, exercise political powers on behalf of the whole body of citizens.

Article 26. The National Assembly shall be composed of the following delegates:

1. One delegate shall be elected from each county, municipality, or area of equivalent status. In case its population exceeds 500,000, one additional delegate shall be elected for each additional 500,000. Areas equivalent to counties or municipalities shall be prescribed by law.
2. Delegates to represent Mongolia shall be elected on the basis of four for each league and one for each special banner.
3. The number of delegates to be elected from Tibet shall be prescribed by law.
4. The number of delegates to be elected by various racial groups in frontier regions shall be prescribed by law.

5. The number of delegates to be elected by ROC citizens residing abroad shall be prescribed by law.
6. The number of delegates to be elected by occupational groups shall be prescribed by law.
7. The number of delegates to be elected by women's organizations shall be prescribed by law.

Article 27. The function of the National Assembly shall be as follows:

1. To elect the President and the Vice President.
2. To recall the President and the Vice President.
3. To amend the Constitution.
4. To vote on proposed Constitutional amendments submitted by the Legislative Yuan by way of referendum.

With respect to the rights of initiative and referendum, except as is provided in Items 3 and 4 of the preceding paragraph, the National Assembly shall make regulations pertaining thereto and put them into effect, after the above-mentioned two political rights shall have been exercised in one-half of the counties and municipalities of the whole country.

Article 28. Delegates to the National Assembly shall be elected every six years.

The term of office of the delegates to each National Assembly shall terminate on the day on which the next National Assembly convenes.

No incumbent government official shall, in the electoral area where

he holds office, be elected delegate to the National Assembly.

Article 29. The National Assembly shall be convoked by the President to meet 90 days prior to the date of expiration of each presidential term.

Article 30. An extraordinary session of the National Assembly shall be convoked in any of the following circumstances:

1. When, in accordance with the provisions of Article 49 of this Constitution, a new President and a new Vice President are to be elected.
2. When, by resolution of the Control Yuan, an impeachment of the President or the Vice President is instituted.
3. When, by resolution of the Legislative Yuan, an amendment to the Constitution is proposed.
4. When a meeting is requested by not less than two-fifths of the delegates to the National Assembly.

When an extraordinary session is to be convoked in accordance with Item 1 or Item 2 of the preceding paragraph, the President of the Legislative Yuan shall issue the notice of convocation; when it is to be convoked in accordance with Item 3 or Item 4, it shall be convoked by the President of the Republic.

Article 31. The National Assembly shall meet at the seat of the Central Government.

Article 32. No delegate to the National Assembly shall be held responsible outside the Assembly for

opinions expressed or votes cast at meetings of the Assembly.

Article 33. While the Assembly is in session, no delegate to the National Assembly shall, except in case of *flagrante delicto*, be arrested or detained without the permission of the National Assembly.

Article 34. The organization of the National Assembly, the election and recall of delegates to the National Assembly, and the procedure whereby the National Assembly is to carry out its functions, shall be prescribed by law.

Chapter IV. The President

Article 35. The President shall be the head of the State and shall represent the Republic of China in foreign relations.

Article 36. The President shall have supreme command of the land, sea and air forces of the whole country.

Article 37. The President shall, in accordance with law, promulgate laws and issue mandates with the counter-signature of the President of the Executive Yuan or with the counter-signatures of both the President of the Executive Yuan and the Ministers or Chairmen of Commissions concerned.

Article 38. The President shall, in accordance with the provisions of this Constitution, exercise the powers of concluding treaties, declaring war and making peace.

Article 39. The President may, in accordance with law, declare martial law with the approval of, or subject

to confirmation by, the Legislative Yuan. When the Legislative Yuan deems it necessary, it may by resolution request the President to terminate martial law.

Article 40. The President shall, in accordance with law, exercise the power of granting amnesties, pardons, remission of sentences and restitution of civil rights.

Article 41. The President shall, in accordance with law, appoint and remove civil and military officials.

Article 42. The President may, in accordance with law, confer honors and decorations.

Article 43. In case of a natural calamity, an epidemic, or a national financial or economic crisis that calls for emergency measures, the President, during the recess of the Legislative Yuan, may, by resolution of the Executive Yuan Council (Cabinet), and in accordance with the Law on Emergency Decrees, issue emergency decrees, proclaiming such measures as may be necessary to cope with the situation. Such decrees shall, within one month after issuance, be presented to the Legislative Yuan for confirmation; in case the Legislative Yuan withholds confirmation, the said decrees shall forthwith cease to be valid.

Article 44. In case of disputes between two or more Yuans other than those concerning which there are relevant provisions in this Constitution, the President may call a meeting of the Presidents of the Yuans

concerned for consultation with a view to reaching a solution.

Article 45. Any citizen of the Republic of China who has attained the age of 40 years may be elected President or Vice President.

Article 46. The election of the President and the Vice President shall be prescribed by law.

Article 47. The President and the Vice President shall serve a term of six years. They may be re-elected for a second term.

Article 48. The President shall, at the time of assuming office, take the following oath:

“I do solemnly and sincerely swear before the people of the whole country that I will observe the Constitution, faithfully perform my duties, promote the welfare of the people, safeguard the security of the State, and will in no way betray the people’s trust. Should I break my oath, I shall be willing to submit myself to severe punishment by the State. This is my solemn oath.”

Article 49. In case the office of the President should become vacant, the Vice President shall succeed until the expiration of the original presidential term. In case the office of both the President and the Vice President should become vacant, the President of the Executive Yuan shall act for the President; and, in accordance with the provisions of Article 30 of this Constitution, an extraordinary session of the National Assembly shall be convoked for the election

of a new President and a new Vice President, who shall hold office until the completion of the term left unfinished by the preceding President. In case the President should be unable to attend to office due to any cause, the Vice President shall act for the President. In case both the President and Vice President should be unable to attend to office, the President of the Executive Yuan shall act for the President.

Article 50. The President shall be relieved of his functions on the day on which his term of office expires. If by that time the succeeding President has not yet been elected, or if the President-elect and the Vice President-elect have not yet assumed office, the President of the Executive Yuan shall act for the President.

Article 51. The period during which the President of the Executive Yuan may act for the President shall not exceed three months.

Article 52. The President shall not, without having been recalled, or having been relieved of his functions, be liable to criminal prosecution unless he is charged with having committed an act of rebellion or treason.

Chapter V. Administration

Article 53. The Executive Yuan shall be the highest administrative organ of the State.

Article 54. The Executive Yuan shall have a President, a Vice President, a certain number of Ministers and Chairmen of Commissions, and

a certain number of Ministers without Portfolio.

Article 55. The President of the Executive Yuan shall be nominated and, with the consent of the Legislative Yuan, appointed by the President of the Republic.

If, during the recess of the Legislative Yuan, the President of the Executive Yuan should resign or if his office should become vacant, his functions shall be exercised by the Vice President of the Yuan, acting on his behalf, but the President of the Republic shall, within 40 days, request a meeting of the Legislative Yuan to confirm his nominee for the vacancy. Pending such confirmation, the Vice President of the Executive Yuan shall temporarily exercise the functions of the President of the said Yuan.

Article 56. The Vice President of the Executive Yuan, Ministers and Chairmen of Commissions, and Ministers without Portfolio shall be appointed by the President of the Republic upon the recommendation of the President of the Executive Yuan.

Article 57. The Executive Yuan shall be responsible to the Legislative Yuan in accordance with the following provisions:

1. The Executive Yuan has the duty to present to the Legislative Yuan a statement of its administrative policies and a report on its administration. While the Legislative Yuan is in session, Members of the Legislative Yuan shall

have the right to question the President and the Ministers and Chairmen of Commissions of the Executive Yuan.

2. If the Legislative Yuan does not concur in any important policy of the Executive Yuan, it may, by resolution, request the Executive Yuan to alter such a policy. With respect to such resolution, the Executive Yuan may, with the approval of the President of the Republic, request the Legislative Yuan for reconsideration. If, after reconsideration, two-thirds of the Members of the Legislative Yuan present at the meeting uphold the original resolution, the President of the Executive Yuan shall either abide by the same or resign from office.
3. If the Executive Yuan deems a resolution on a statutory, budgetary, or treaty bill passed by the Legislative Yuan difficult of execution, it may, with the approval of the President of the Republic and within 10 days after its transmission to the Executive Yuan, request the Legislative Yuan to reconsider the said resolution. If after reconsideration, two-thirds of the Members of the Legislative Yuan present at the meeting uphold the original resolution, the President of the Executive Yuan shall either abide by the same or resign from office.

Article 58. The Executive Yuan shall have an Executive Yuan Council, to be composed of its President,

Vice President, various Ministers and Chairmen of Commissions, and Ministers without Portfolio, with its President as Chairman.

Statutory or budgetary bills or bills concerning martial law, amnesty, declaration of war, conclusion of peace or treaties, and other important affairs, all of which are to be submitted to the Legislative Yuan, as well as matters that are of common concern to the various Ministries and Commissions, shall be presented by the President and various Ministers and Chairmen of Commissions of the Executive Yuan to the Executive Yuan Council for decision.

Article 59. The Executive Yuan shall, three months before the beginning of each fiscal year, present to the Legislative Yuan the budgetary bill for the following fiscal year.

Article 60. The Executive Yuan shall, within four months after the end of each fiscal year, present final accounts of revenues and expenditures to the Control Yuan.

Article 61. The organization of the Executive Yuan shall be prescribed by law.

Chapter VI. Legislation

Article 62. The Legislative Yuan shall be the highest legislative organ of the State, to be constituted of members elected by the people. It shall exercise legislative power on behalf of the people.

Article 63. The Legislative Yuan shall have the power to decide by resolution upon statutory or budgetary

bills or bills concerning martial law, amnesty, declaration of war, conclusion of peace or treaties, and other important affairs of the State.

Article 64. Members of the Legislative Yuan shall be elected in accordance with the following provisions:

1. Those to be elected from the provinces and by the municipalities under the direct jurisdiction of the Executive Yuan shall be five for each province or municipality with a population of not more than 3,000,000, and one additional member shall be elected for each additional 1,000,000 in a province or municipality whose population is over 3,000,000.
2. Those to be elected from Mongolian Leagues and Banners.
3. Those to be elected from Tibet.
4. Those to be elected by various racial groups in frontier regions.
5. Those to be elected by ROC citizens residing abroad.
6. Those to be elected by occupational groups.

The election of Members of the Legislative Yuan and the number of those to be elected in accordance with Items 2 to 6 of the preceding paragraph shall be prescribed by law. The number of women to be elected under the various items enumerated in the first paragraph shall be prescribed by law.

Article 65. Members of the Legislative Yuan shall serve a term of three years, and shall be re-eligible. The election of Members of the

Legislative Yuan shall be completed within three months prior to the expiration of each term.

Article 66. The Legislative Yuan shall have a President and a Vice President, who shall be elected by and from among its Members.

Article 67. The Legislative Yuan may set up various committees.

Such committees may invite government officials and private persons concerned to be present at their meetings to answer questions.

Article 68. The Legislative Yuan shall hold two sessions each year, and shall convene of its own accord. The first session shall last from February to the end of May, and the second session from September to the end of December. Whenever necessary, a session may be prolonged.

Article 69. In any of the following circumstances, the Legislative Yuan may hold an extraordinary session:

1. At the request of the President of the Republic.
2. Upon the request of not less than one-fourth of its Members.

Article 70. The Legislative Yuan shall not make proposals for an increase in the expenditures in the budgetary bill presented by the Executive Yuan.

Article 71. At the meetings of the Legislative Yuan, the Presidents of the various Yuans concerned and the various Ministers and Chairmen of Commissions concerned may be present to give their views.

Article 72. Statutory bills passed by the Legislative Yuan shall be

transmitted to the President of the Republic and to the Executive Yuan. The President shall, within 10 days after receipt thereof, promulgate them; or he may deal with them in accordance with the provisions of Article 57 of this Constitution.

Article 73. No Member of the Legislative Yuan shall be held responsible outside the Yuan for opinions expressed or votes cast in the Yuan.

Article 74. No Member of the Legislative Yuan shall, except in case of *flagrante delicto*, be arrested or detained without the permission of the Legislative Yuan.

Article 75. No Member of the Legislative Yuan shall concurrently hold a government post.

Article 76. The organization of the Legislative Yuan shall be prescribed by law.

Chapter VII. Judiciary

Article 77. The Judicial Yuan shall be the highest judicial organ of the State and shall have charge of civil, criminal, and administrative cases, and over cases concerning disciplinary measures against public functionaries.

Article 78. The Judicial Yuan shall interpret the Constitution and shall have the power to unify the interpretation of laws and orders.

Article 79. The Judicial Yuan shall have a President and a Vice President, who shall be nominated and, with the consent of the Control Yuan, appointed by the President of the Republic.

The Judicial Yuan shall have a certain number of Justices of the Constitutional Court (Grand Justices) to take charge of matters specified in Article 78 of this Constitution, who shall be nominated and, with the consent of the Control Yuan, appointed by the President of the Republic.

Article 80. Judges shall be above partisanship and shall, in accordance with law, hold trials independently, free from any interference.

Article 81. Judges shall hold office for life. No judge shall be removed from office unless he has been found guilty of a criminal offense or subjected to disciplinary measure, or declared to be under interdiction. No judge shall, except in accordance with law, be suspended or transferred or have his salary reduced.

Article 82. The organization of the Judicial Yuan and of the law courts of various grades shall be prescribed by law.

Chapter VIII. Examination

Article 83. The Examination Yuan shall be the highest examination organ of the State and shall have charge of matters relating to examination, employment, registration, service rating, scale of salaries, promotion and transfer, security of tenure, commendation, pecuniary aid in case of death, retirement and old age pension.

Article 84. The Examination Yuan shall have a President and a

Vice President and a certain number of Members, all of whom shall be nominated and, with the consent of the Control Yuan, appointed by the President of the Republic.

Article 85. In the selection of public functionaries, a system of open competitive examination shall be put into operation, and examinations shall be held in different areas, with prescribed numbers of persons to be selected according to various provinces and areas. No person shall be appointed to a public office unless he is qualified through examination.

Article 86. The following qualifications shall be determined and registered through examination by the Examination Yuan in accordance with law:

1. Qualification for appointment as public functionaries.
2. Qualification for practice in specialized professions or as technicians.

Article 87. The Examination Yuan may, with respect to matters under its charge, present statutory bills to the Legislative Yuan.

Article 88. Members of the Examination Yuan shall be above partisanship and shall independently exercise their functions in accordance with law.

Article 89. The organization of the Examination Yuan shall be prescribed by law.

Chapter IX. Control

Article 90. The Control Yuan shall be the highest control organ of the State and shall exercise the

powers of consent, impeachment, censure and auditing.

Article 91. The Control Yuan shall be composed of Members who shall be elected by Provincial and Municipal Councils, the local Councils of Mongolia and Tibet, and ROC citizens residing abroad. Their numbers shall be determined in accordance with the following provisions:

1. Five Members from each province.
2. Two Members from each municipality under the direct jurisdiction of the Executive Yuan.
3. Eight Members from Mongolian Leagues and Banners.
4. Eight Members from Tibet.
5. Eight Members from ROC citizens residing abroad.

Article 92. The Control Yuan shall have a President and a Vice President, who shall be elected by and from among its Members.

Article 93. Members of the Control Yuan shall serve a term of six years and shall be re-eligible.

Article 94. When the Control Yuan exercises the power of consent in accordance with this Constitution, it shall do so by resolution of a majority of the Members present at the meeting.

Article 95. The Control Yuan may, in the exercise of its powers of control, request the Executive Yuan and its Ministries and Commissions to submit to it for perusal the original orders issued by them and all other relevant documents.

Article 96. The Control Yuan may, taking into account the work of the Executive Yuan and its various Ministries and Commissions, set up a certain number of committees to investigate their activities with a view to ascertaining whether or not they are guilty of violation of law or neglect of duty.

Article 97. The Control Yuan may, on the basis of the investigations and resolutions of its committees, propose corrective measures and forward them to the Executive Yuan and the Ministries and Commissions concerned, directing their attention to effecting improvements.

When the Control Yuan deems a public functionary in the Central Government or in a local government guilty of neglect of duty or violation of law, it may propose corrective measures or institute an impeachment. If it involves a criminal offense, the case shall be turned over to a law court.

Article 98. Impeachment by the Control Yuan of a public functionary in the Central Government or in a local government shall be instituted upon the proposal of one or more than one Member of the Control Yuan and the decision, after due consideration, by a committee composed of not less than nine Members.

Article 99. In case of impeachment by the Control Yuan of the personnel of the Judicial Yuan or of the Examination Yuan for neglect of duty or violation of law, the provisions of

Articles 95, 97 and 98 of this Constitution shall be applicable.

Article 100. Impeachment by the Control Yuan of the President or the Vice President of the Republic shall be instituted upon the proposal of not less than one-fourth of the whole body of Members of the Control Yuan, and the resolution, after due consideration, by the majority of the whole body of Members of the Control Yuan, and the same shall be presented to the National Assembly.

Article 101. No Member of the Control Yuan shall be held responsible outside the Yuan for opinions expressed or votes cast in the Yuan.

Article 102. No Member of the Control Yuan shall, except in case of *flagrante delicto*, be arrested or detained without the permission of the Control Yuan.

Article 103. No Member of the Control Yuan shall concurrently hold a public office or engage in any profession.

Article 104. In the Control Yuan, there shall be an Auditor General who shall be nominated and, with the consent of the Legislative Yuan, appointed by the President of the Republic.

Article 105. The Auditor General shall, within three months after presentation by the Executive Yuan of the final accounts of revenues and expenditures, complete the auditing thereof in accordance with law, and submit an auditing report to the Legislative Yuan.

Article 106. The organization of the Control Yuan shall be prescribed by law.

Chapter X. Powers of the Central and Local Governments

Article 107. In the following matters, the Central Government shall have the power of legislation and administration:

1. Foreign affairs.
 2. National defense and military affairs concerning national defense.
 3. Nationality law and criminal, civil and commercial law.
 4. Judicial system.
 5. Aviation, national highways, state-owned railways, navigation, postal and telegraph service.
 6. Central Government finance and national revenues.
 7. Demarcation of national, provincial and county revenues.
 8. State-operated economic enterprises.
 9. Currency system and state banks.
 10. Weights and measures.
 11. Foreign trade policies.
 12. Financial and economic matters affecting foreigners or foreign countries.
 13. Other matters relating to the Central Government as provided by this Constitution.
- Article 108.* In the following matters, the Central Government shall have the power of legislation and administration, but the Central Government may delegate the power of administration to the provincial and county governments:
1. General principles of provincial and county self-government.
 2. Division of administrative areas.
 3. Forestry, industry, mining and commerce.
 4. Educational system.
 5. Banking and exchange system.
 6. Shipping and deep-sea fishery.
 7. Public utilities.
 8. Cooperative enterprises.
 9. Water and land communication and transportation covering two or more provinces.
 10. Water conservancy, waterways, agriculture and pastoral enterprises covering two or more provinces.
 11. Registration, employment, supervision, and security of tenure of officials in Central and local governments.
 12. Land legislation.
 13. Labor legislation and other social legislation.
 14. Eminent domain.
 15. Census-taking and compilation of population statistics for the whole country.
 16. Immigration and land reclamation.
 17. Police system.
 18. Public health.
 19. Relief, pecuniary aid in case of death and aid in case of unemployment.
 20. Preservation of ancient books and articles and sites of cultural value.

With respect to the various items enumerated in the preceding paragraph, the provinces may enact separate rules and regulations, provided these are not in conflict with national laws.

Article 109. In the following matters, the provinces shall have the power

of legislation and administration, but the provinces may delegate the power of administration to the counties:

1. Provincial education, public health, industries and communications.
2. Management and disposal of provincial property.
3. Administration of municipalities under provincial jurisdiction.
4. Province-operated enterprises.
5. Provincial cooperative enterprises.
6. Provincial agriculture, forestry, water conservancy, fishery, animal husbandry and public works.
7. Provincial finance and revenues.
8. Provincial debts.
9. Provincial banks.
10. Provincial police administration.
11. Provincial charitable and public welfare works.
12. Other matters delegated to the provinces in accordance with national laws.

Except as otherwise provided by law, any of the matters enumerated in the various items of the preceding paragraph, in so far as it covers two or more provinces, may be undertaken jointly by the provinces concerned.

When any province, in undertaking matters listed in any of the items of the first paragraph, finds its funds insufficient, it may, by resolution of the Legislative Yuan, obtain subsidies from the National Treasury.

Article 110. In the following matters, the counties shall have the power of legislation and administration:

1. County education, public health, industries and communications.
2. Management and disposal of county property.
3. County-operated enterprises.
4. County cooperative enterprises.
5. County agriculture and forestry, water conservancy, fishery, animal husbandry and public works.
6. County finance and revenues.
7. County debts.
8. County banks.
9. Administration of county police and defense.
10. County charitable and public welfare works.
11. Other matters delegated to the counties in accordance with national laws and the Provincial Self-Government Regulations.

Except as otherwise provided by law, any of the matters enumerated in the various items of the preceding paragraph, in so far as it covers two or more counties, may be undertaken jointly by the counties concerned.

Article 111. Any matter not enumerated in Articles 107, 108, 109 and 110 shall fall within the jurisdiction of the Central Government, if it is national in nature; of the province, if it is provincial in nature; and of the county, if it concerns the county. In case of dispute, it shall be settled by the Legislative Yuan.

Chapter XI. System of Local Government

Section 1. The Province

Article 112. A province may convoke a provincial assembly to enact, in accordance with the General

Principles of Provincial and County Self-Government, regulations, provided the said regulations are not in conflict with the Constitution.

The organization of the provincial assembly and the election of the delegates shall be prescribed by law.

Article 113. The Provincial Self-Government Regulations shall include the following provisions:

1. In the province, there shall be a provincial council. Members of the provincial council shall be elected by the people of the province.
2. In the province, there shall be a provincial government with a Provincial Governor who shall be elected by the people of the province.
3. Relationship between the province and the county.

The legislative power of the province shall be exercised by the Provincial Council.

Article 114. The Provincial Self-Government Regulations shall, after enactment, be forthwith submitted to the Judicial Yuan. The Judicial Yuan, if it deems any part thereof unconstitutional, shall declare null and void the articles repugnant to the Constitution.

Article 115. If, during the enforcement of the Provincial Self-Government Regulations, there should arise any serious obstacle in the application of any of the articles contained therein, the Judicial Yuan shall first summon the various parties concerned to present their views;

and thereupon the Presidents of the Executive Yuan, Legislative Yuan, Judicial Yuan, Examination Yuan and Control Yuan shall form a Committee, with the President of the Judicial Yuan as Chairman, to propose a formula for solution.

Article 116. Provincial rules and regulations that are in conflict with national laws shall be null and void.

Article 117. When doubt arises as to whether or not there is a conflict between provincial rules or regulations and national laws, interpretation thereon shall be made by the Judicial Yuan.

Article 118. The self-government of municipalities under the direct jurisdiction of the Executive Yuan shall be prescribed by law.

Article 119. The local self-government system of the Mongolian Leagues and Banners shall be prescribed by law.

Article 120. The self-government system of Tibet shall be safeguarded.

Section 2. The County

Article 121. The county shall enforce county self-government.

Article 122. A county may convoke a county assembly to enact, in accordance with the General Principles of Provincial and County Self-Government, county self-government regulations, provided the said regulations are not in conflict with the Constitution or with provincial self-government regulations.

Article 123. The people of the county shall, in accordance with law, exercise the rights of initiative and referendum in matters within the sphere of county self-government, and shall, in accordance with law, exercise the rights of election and recall of the magistrate and other county self-government officials.

Article 124. In the county, there shall be a county council. Members of the county council shall be elected by the people of the county.

The legislative power of the county shall be exercised by the county council.

Article 125. County rules and regulations that are in conflict with national laws, or with provincial rules and regulations, shall be null and void.

Article 126. In the county, there shall be a county government with a county magistrate who shall be elected by the people of the county.

Article 127. The county magistrate shall have charge of county self-government and shall administer matters delegated to the county by the central or provincial government.

Article 128. The provisions governing the county shall apply *mutatis mutandis* to the municipality.

Chapter XII. Election, Recall, Initiative and Referendum

Article 129. The various kinds of elections prescribed in this Constitution, except as otherwise provided by this Constitution, shall be by

universal, equal, and direct suffrage and by secret ballot.

Article 130. Any citizen of the Republic of China who has attained the age of 20 years shall have the right of election in accordance with law. Except as otherwise provided by this Constitution or by law, any citizen who has attained the age of 23 years shall have the right of being elected in accordance with law.

Article 131. All candidates in the various kinds of elections prescribed in this Constitution shall openly campaign for their election.

Article 132. Intimidation or inducement shall be strictly forbidden in elections. Suits arising in connection with elections shall be tried by the courts.

Article 133. A person elected may, in accordance with law, be recalled by his constituency.

Article 134. In the various kinds of elections, the number of women to be elected shall be fixed, and measures pertaining thereto shall be prescribed by law.

Article 135. The number of delegates to the National Assembly and the manner of their election from people in interior areas, who have their own conditions of living and habits, shall be prescribed by law.

Article 136. The exercise of the rights of initiative and referendum shall be prescribed by law.

Chapter XIII. Fundamental National Policies

Section 1. National Defense

Article 137. The national defense of the Republic of China shall have as its objective the safeguarding of national security and the preservation of world peace.

The organization of national defense shall be prescribed by law.

Article 138. The land, sea and air forces of the whole country shall be above personal, regional, or party affiliations, shall be loyal to the state, and shall protect the people.

Article 139. No political party and no individual shall make use of armed forces as an instrument in a struggle for political powers.

Article 140. No military man in active service may concurrently hold a civil office.

Section 2. Foreign Policy

Article 141. The foreign policy of the Republic of China shall, in a spirit of independence and initiative and on the basis of the principles of equality and reciprocity, cultivate good-neighborliness with other nations, and respect treaties and the Charter of the United Nations, in order to protect the rights and interests of ROC citizens residing abroad, promote international cooperation, advance international justice and ensure world peace.

Section 3. National Economy

Article 142. National economy shall be based on the Principle of the

People's Livelihood and shall seek to effect equalization of land ownership and restriction of private capital in order to attain a well-balanced sufficiency in national wealth and people's livelihood.

Article 143. All land within the territory of the Republic of China shall belong to the whole body of citizens. Private ownership of land, acquired by the people in accordance with law, shall be protected and restricted by law. Privately-owned land shall be liable to taxation according to its value, and the Government may buy such land according to its value.

Mineral deposits which are embedded in the land, and natural power which may, for economic purposes, be utilized for the public benefit shall belong to the State, regardless of the fact that private individuals may have acquired ownership over such land.

If the value of a piece of land has increased, not through the exertion of labor or the employment of capital, the State shall levy thereon an increment tax, the proceeds of which shall be enjoyed by the people in common.

In the distribution and readjustment of land, the State shall in principle assist self-farming landowners and persons who make use of the land by themselves, and shall also regulate their appropriate areas of operation.

Article 144. Public utilities and other enterprises of a monopolistic nature shall, in principle, be under

public operation. In cases permitted by law, they may be operated by private citizens.

Article 145. With respect to private wealth and privately-operated enterprises, the State shall restrict them by law if they are deemed detrimental to a balanced development of national wealth and people's livelihood.

Cooperative enterprises shall receive encouragement and assistance from the State.

Private citizens' productive enterprises and foreign trade shall receive encouragement, guidance and protection from the State.

Article 146. The State shall, by the use of scientific techniques, develop water conservancy, increase the productivity of land, improve agricultural conditions, plan for the utilization of land, develop agricultural resources and hasten the industrialization of agriculture.

Article 147. The Central Government, in order to attain balanced economic development among the provinces, shall give appropriate aid to poor or unproductive provinces.

The provinces, in order to attain balanced economic development among the counties, shall give appropriate aid to poor or unproductive counties.

Article 148. Within the territory of the Republic of China, all goods shall be permitted to move freely from place to place.

Article 149. Financial institutions shall, in accordance with law, be subject to State control.

Article 150. The State shall extensively establish financial institutions for the common people, with a view to relieving unemployment.

Article 151. With respect to ROC citizens residing abroad, the State shall foster and protect the development of their economic enterprises.

Section 4. Social Security

Article 152. The State shall provide suitable opportunity for work to people who are able to work.

Article 153. The State, in order to improve the livelihood of laborers and farmers and to improve their productive skill, shall enact laws and carry out policies for their protection.

Women and children engaged in labor shall, according to their age and physical condition, be accorded special protection.

Article 154. Capital and labor shall, in accordance with the principle of harmony and cooperation, promote productive enterprises. Conciliation and arbitration of disputes between capital and labor shall be prescribed by law.

Article 155. The State, in order to promote social welfare, shall establish a social insurance system. To the aged and the infirm who are unable to earn a living, and to victims of unusual calamities, the State shall give appropriate assistance and relief.

Article 156. The State, in order to consolidate the foundation of national existence and development,

shall protect motherhood and carry out the policy of promoting the welfare of women and children.

Article 157. The State, in order to improve national health, shall establish extensive services for sanitation and health protection, and a system of public medical service.

Section 5. Education and Culture

Article 158. Education and culture shall aim at the development among the citizens of the national spirit, the spirit of self-government, national morality, good physique, scientific knowledge, and the ability to earn a living.

Article 159. All citizens shall have equal opportunity to receive an education.

Article 160. All children of school age from six to 12 years shall receive free primary education. Those from poor families shall be supplied with books by the Government.

All citizens above school age who have not received primary education shall receive supplementary education free of charge and shall also be supplied with books by the Government.

Article 161. The national, provincial, and local governments shall extensively establish scholarships to assist students of good scholastic standing and exemplary conduct who lack the means to continue their school education.

Article 162. All public and private educational and cultural institutions in the country shall, in accordance with law, be subject to State supervision.

Article 163. The State shall pay due attention to the balanced development of education in different regions, and shall promote social education in order to raise the cultural standard of the citizens in general. Grants from the National Treasury shall be made to frontier regions and economically poor areas to help them meet their educational and cultural expenses. The Central Government may either itself undertake the more important educational and cultural enterprises in such regions or give them financial assistance.

Article 164. Expenditures of educational programs, scientific studies and cultural services shall not be, in respect of the Central Government, less than 15 percent of the total national budget; in respect of each province, less than 25 percent of the total provincial budgets; and in respect of each municipality or county, less than 35 percent of the total municipal or county budget. Educational and cultural foundations established in accordance with law shall, together with their property, be protected.

Article 165. The State shall safeguard the livelihood of those who work in the fields of education, sciences and arts, and shall, in accordance with the development of national economy, increase their remuneration from time to time.

Article 166. The State shall encourage scientific discoveries and inventions, and shall protect ancient

sites and articles of historical, cultural or artistic value.

Article 167. The State shall give encouragement or subsidies to the following enterprises or individuals:

1. Educational enterprises in the country which have been operated with good record by private individuals.
2. Educational enterprises which have been operated with good record by ROC citizens residing abroad.
3. Persons who have made discoveries or inventions in the fields of learning and technology.
4. Persons who have rendered long and meritorious services in the field of education.

Section 6. Frontier Regions

Article 168. The State shall accord to the various racial groups in the frontier regions legal protection of their status and shall give them special assistance in their local self-government undertakings.

Article 169. The State shall, in a positive manner, undertake and foster the development of education, culture, communications, water conservancy, public health, and other economic and social enterprises of the various racial groups in the frontier regions. With respect to the utilization of land, the State shall, after taking into account the climatic conditions, the nature of the soil and the life and habits of the people, adopt measures to protect the land and to assist in its development.

Chapter XIV. Enforcement and Amendment of the Constitution

Article 170. The term "law," as used in this Constitution, shall denote any legislative bill that shall have been passed by the Legislative Yuan and promulgated by the President of the Republic.

Article 171. Laws that are in conflict with the Constitution shall be null and void.

When doubt arises as to whether or not a law is in conflict with the Constitution, interpretation thereon shall be made by the Judicial Yuan.

Article 172. Ordinances that are in conflict with the Constitution or with laws shall be null and void.

Article 173. The Constitution shall be interpreted by the Judicial Yuan.

Article 174. Amendments to the Constitution shall be made in accordance with one of the following procedures:

1. Upon the proposal of one-fifth of the total number of the delegates to the National Assembly and by a resolution of three-fourths of the delegates present at a meeting having a quorum of two-thirds of the entire Assembly, the Constitution may be amended.
2. Upon the proposal of one-fourth of the Members of the Legislative Yuan and by a resolution of three-fourths of the Members present at a meeting having a quorum of three-fourths of the Members of the Yuan, an amendment may be drawn up and submitted to

the National Assembly by way of referendum. Such a proposed amendment to the Constitution shall be publicly published half a year before the National Assembly convenes.

Article 175. Whenever necessary, enforcement procedures in regard to

any matters prescribed in this Constitution shall be separately provided by law.

The preparatory procedures for the enforcement of this Constitution shall be decided upon by the same National Assembly which shall have adopted this Constitution. ■

The Additional Articles of the Constitution of the Republic of China

Adopted by the second extraordinary session of the First National Assembly on April 22, 1991, and promulgated by the President on May 1, 1991

Adopted by the extraordinary session of the Second National Assembly on May 27, 1992, and promulgated by the President on May 28, 1992

Adopted by the fourth extraordinary session of the Second National Assembly on July 28, 1994, and promulgated by the President on August 1, 1994

Adopted by the second session of the Third National Assembly on July 18, 1997, and promulgated by the President on July 21, 1997

Revised by the fourth session of the Third National Assembly on September 3, 1999, and promulgated by the President on September 15, 1999

The Council of Justices of the Constitutional Court, in its Constitutional Interpretation No. 499 on March 24, 2000, announced that the Additional Articles of the Constitution approved on September 15, 1999, were void, effective immediately. The revised Additional Articles promulgated on July 21, 1997 would remain in effect.

Revised by the fifth session of the Third National Assembly on April 24, 2000, and promulgated by the President on April 25, 2000

Revisions to Articles 1, 2, 4, 5, and 8 of, and addition of Article 12 to, the Additional Articles of the Constitution

of the Republic of China, proposed and announced by the Legislative Yuan on August 26, 2004, adopted by the Fourth National Assembly on June 7, 2005, and promulgated by the President on June 10, 2005

To meet the requisites of the nation prior to national unification, the following articles of the ROC Constitution are added or amended to the ROC Constitution in accordance with Article 27, Paragraph 1, Item 3; and Article 174, Item 1:

Article 1. The electors of the free area of the Republic of China shall cast ballots at a referendum within three months of the expiration of a six-month period following the public announcement of a proposal passed by the Legislative Yuan on the amendment of the Constitution or alteration of the national territory. The provisions of Article 4 and Article 174 of the Constitution shall not apply.

The provisions of Articles 25 through 34 and Article 135 of the Constitution shall cease to apply.

Article 2. The President and the Vice President shall be directly elected by the entire populace of the free area of the Republic of China. This shall be effective from the

election for the ninth-term President and Vice President in 1996. The presidential and the vice presidential candidates shall register jointly and be listed as a pair on the ballot. The pair that receives the highest number of votes shall be elected. Citizens of the free area of the Republic of China residing abroad may return to the ROC to exercise their electoral rights and this shall be stipulated by law.

Presidential orders to appoint or remove from office the President of the Executive Yuan or personnel appointed with the confirmation of the Legislative Yuan in accordance with the Constitution, and to dissolve the Legislative Yuan, shall not require the countersignature of the President of the Executive Yuan. The provisions of Article 37 of the Constitution shall not apply.

The President may, by resolution of the Executive Yuan Council, issue emergency decrees and take all necessary measures to avert imminent danger affecting the security of the State or of the people or to cope with any serious financial or economic crisis, the restrictions in Article 43 of the Constitution notwithstanding. However, such decrees shall, within 10 days of issuance, be presented to the Legislative Yuan for ratification. Should the Legislative Yuan withhold ratification, the said emergency decrees shall forthwith cease to be valid.

To determine major policies for national security, the President may establish a national security council

and a subsidiary national security bureau. The organization of the said organs shall be stipulated by law.

The President may, within 10 days following passage by the Legislative Yuan of a no-confidence vote against the President of the Executive Yuan, declare the dissolution of the Legislative Yuan after consulting with its President. However, the President shall not dissolve the Legislative Yuan while martial law or an emergency decree is in effect. Following the dissolution of the Legislative Yuan, an election for legislators shall be held within 60 days. The new Legislative Yuan shall convene of its own accord within 10 days after the results of the said election have been confirmed, and the term of the said Legislative Yuan shall be reckoned from that date.

The terms of office for both the President and the Vice President shall be four years. The President and the Vice President may only be re-elected to serve one consecutive term; and the provisions of Article 47 of the Constitution shall not apply.

Should the office of the Vice President become vacant, the President shall nominate a candidate(s) within three months, and the Legislative Yuan shall elect a new Vice President, who shall serve the remainder of the original term until its expiration.

Should the offices of both the President and the Vice President become vacant, the President of the Executive Yuan shall exercise the

official powers of the President and the Vice President. A new President and a new Vice President shall be elected in accordance with Paragraph 1 of this article and shall serve out each respective original term until its expiration. The pertinent provisions of Article 49 of the Constitution shall not apply.

Recall of the President or the Vice President shall be initiated upon the proposal of one-fourth of all Members of the Legislative Yuan, and also passed by two-thirds of all the Members. The final recall must be passed by more than one-half of the valid ballots in a vote in which more than one-half of the electorate in the free area of the Republic of China takes part.

Should a motion to impeach the President or the Vice President initiated by the Legislative Yuan and presented to the Justices of the Constitutional Court of the Judicial Yuan for adjudication be upheld by the Constitutional Court, the impeached person shall forthwith be relieved of his duties.

Article 3. The President of the Executive Yuan shall be appointed by the President. Should the President of the Executive Yuan resign or the office become vacant, the Vice President of the Executive Yuan shall temporarily act as the President of the Executive Yuan pending a new appointment by the President. The provisions of Article 55 of the Constitution shall cease to apply.

The Executive Yuan shall be responsible to the Legislative Yuan in

accordance with the following provisions; the provisions of Article 57 of the Constitution shall cease to apply:

1. The Executive Yuan has the duty to present to the Legislative Yuan a statement on its administrative policies and a report on its administration. While the Legislative Yuan is in session, its Members shall have the right to interpellate the President of the Executive Yuan and the heads of ministries and other organizations under the Executive Yuan.
2. Should the Executive Yuan deem a statutory, budgetary, or treaty bill passed by the Legislative Yuan difficult to execute, the Executive Yuan may, with the approval of the President of the Republic and within 10 days of the bill's submission to the Executive Yuan, request the Legislative Yuan to reconsider the bill. The Legislative Yuan shall reach a resolution on the returned bill within 15 days after it is received. Should the Legislative Yuan be in recess, it shall convene of its own accord within seven days and reach a resolution within 15 days after the session begins. Should the Legislative Yuan not reach a resolution within the said period of time, the original bill shall become invalid. Should more than one-half of the total number of Legislative Yuan Members uphold the original bill, the President of the Executive Yuan

shall immediately accept the said bill.

3. With the signatures of more than one-third of the total number of Legislative Yuan Members, the Legislative Yuan may propose a no-confidence vote against the President of the Executive Yuan. Seventy-two hours after the no-confidence motion is made, an open-ballot vote shall be taken within 48 hours. Should more than one-half of the total number of Legislative Yuan Members approve the motion, the President of the Executive Yuan shall tender his resignation within 10 days, and at the same time may request that the President dissolve the Legislative Yuan. Should the no-confidence motion fail, the Legislative Yuan may not initiate another no-confidence motion against the same President of the Executive Yuan within one year.

The powers, procedures of establishment, and total number of personnel of national organizations shall be subject to standards set forth by law.

The structure, system, and number of personnel of each organization shall be determined according to the policies or operations of each organization and in accordance with the law as referred to in the preceding paragraph.

Article 4. Beginning with the Seventh Legislative Yuan, the Legislative Yuan shall have 113 Members, who shall serve a term of four years, which

is renewable after re-election. The election of Members of the Legislative Yuan shall be completed within three months prior to the expiration of each term, in accordance with the following provisions, the restrictions in Article 64 and Article 65 of the Constitution notwithstanding:

1. Seventy-three Members shall be elected from the Special Municipalities, counties, and cities in the free area. At least one Member shall be elected from each county and city.
2. Three Members each shall be elected from among the lowland and highland aborigines in the free area.
3. A total of thirty-four Members shall be elected from the nationwide constituency and among citizens residing abroad.

Members for the seats set forth in Subparagraph 1 of the preceding paragraph shall be elected in proportion to the population of each Special Municipality, county, or city, which shall be divided into electoral constituencies equal in number to the number of Members to be elected. Members for the seats set forth in Subparagraph 3 shall be elected from the lists of political parties in proportion to the number of votes won by each party that obtains at least 5 percent of the total vote, and the number of elected female Members on each party's list shall not be less than one-half of the total number.

When the Legislative Yuan convenes each year, it may hear a report on the state of the nation by the President.

Following the dissolution of the Legislative Yuan by the President and prior to the inauguration of its new Members, the Legislative Yuan shall be regarded as in recess.

The territory of the Republic of China, defined by its existing national boundaries, shall not be altered unless initiated upon the proposal of one-fourth of the total Members of the Legislative Yuan, passed by at least three-fourths of the Members present at a meeting attended by at least three-fourths of the total Members of the Legislative Yuan, and sanctioned by electors in the free area of the Republic of China at a referendum held upon expiration of a six-month period of public announcement of the proposal, wherein the number of valid votes in favor exceeds one-half of the total number of electors.

Should the President issue an emergency decree after dissolving the Legislative Yuan, the Legislative Yuan shall convene of its own accord within three days to vote on the ratification of the decree within seven days after the session begins. However, should the emergency decree be issued after the election of new Members of the Legislative Yuan, the new Members shall vote on the ratification of the decree after their inauguration. Should the Legislative Yuan withhold ratification, the emergency decree shall forthwith be void.

Impeachment of the President or the Vice President by the Legislative

Yuan shall be initiated upon the proposal of more than one-half of the total Members of the Legislative Yuan and passed by more than two-thirds of the total Members of the Legislative Yuan, whereupon it shall be presented to the Justices of the Constitutional Court of the Judicial Yuan for adjudication. The provisions of Article 90 and Article 100 of the Constitution and Article 7, Paragraph 1 of the Additional Articles of the Constitution shall not apply.

No Member of the Legislative Yuan may be arrested or detained without the permission of the Legislative Yuan, when that body is in session, except in case of *flagrante delicto*. The provisions of Article 74 of the Constitution shall cease to apply.

Article 5. The Judicial Yuan shall have 15 Justices of the Constitutional Court. The 15 Justices of the Constitutional Court, including a President and a Vice President of the Judicial Yuan to be selected from amongst them, shall be nominated and, with the consent of the Legislative Yuan, appointed by the President of the Republic. This shall take effect from the year 2003, and the provisions of Article 79 of the Constitution shall not apply. The provisions of Article 81 of the Constitution and pertinent regulations on the lifetime holding of office and payment of salary do not apply to Justices of the Constitutional Court who did not transfer from the post of a judge.

Each Justice of the Constitutional Court of the Judicial Yuan shall serve

a term of eight years, independent of the order of appointment to office, and shall not serve a consecutive term. The Justices of the Constitutional Court serving as President and Vice President of the Judicial Yuan shall not enjoy the guarantee of an eight-year term.

Among the Justices of the Constitutional Court nominated by the President in the year 2003, eight Members, including the President and the Vice President of the Judicial Yuan, shall serve for four years. The remaining Justices of the Constitutional Court shall serve for eight years. The provisions of the preceding paragraph regarding term of office shall not apply.

The Justices of the Constitutional Court of the Judicial Yuan shall, in addition to discharging their duties in accordance with Article 78 of the Constitution, form a Constitutional Court to adjudicate matters relating to the impeachment of the President or the Vice President, and the dissolution of unconstitutional political parties.

A political party shall be considered unconstitutional if its goals or activities endanger the existence of the Republic of China or the nation's free and democratic constitutional order.

The proposed budget submitted annually by the Judicial Yuan may not be eliminated or reduced by the Executive Yuan; however, the Executive Yuan may indicate its opinions on the budget and include it in the central government's proposed

budgetary bill for submission to the Legislative Yuan for deliberation.

Article 6. The Examination Yuan shall be the highest examination body of the State, and shall be responsible for the following matters; and the provisions of Article 83 of the Constitution shall not apply:

1. Holding of examinations.
2. Matters relating to the qualification screening, security of tenure, pecuniary aid in case of death, and retirement of civil servants.
3. Legal matters relating to the employment, discharge, performance evaluation, scale of salaries, promotion, transfer, commendation and award of civil servants.

The Examination Yuan shall have a President, a Vice President, and several Members, all of whom shall be nominated and, with the consent of the Legislative Yuan, appointed by the President of the Republic; and the provisions of Article 84 of the Constitution shall not apply.

The provisions of Article 85 of the Constitution concerning the holding of examinations in different areas, with prescribed numbers of persons to be selected according to various provinces and areas, shall cease to apply.

Article 7. The Control Yuan shall be the highest control body of the State and shall exercise the powers of impeachment, censure and audit; and the pertinent provisions of Article 90 and Article 94 of the Constitution concerning the exercise of the power of consent shall not apply.

The Control Yuan shall have 29 Members, including a President and a Vice President, all of whom shall serve a term of six years. All Members shall be nominated and, with the consent of the Legislative Yuan, appointed by the President of the Republic. The provisions of Article 91 through Article 93 of the Constitution shall cease to apply.

Impeachment proceedings by the Control Yuan against a public functionary in the central government, or local governments, or against personnel of the Judicial Yuan or the Examination Yuan, shall be initiated by two or more Members of the Control Yuan, and be investigated and voted upon by a committee of not less than nine of its Members, the restrictions in Article 98 of the Constitution notwithstanding.

In the case of impeachment by the Control Yuan of Control Yuan personnel for dereliction of duty or violation of the law, the provisions of Article 95 and Article 97, Paragraph 2 of the Constitution, as well as the preceding paragraph, shall apply.

Members of the Control Yuan shall be beyond party affiliation and independently exercise their powers and discharge their responsibilities in accordance with the law.

The provisions of Article 101 and Article 102 of the Constitution shall cease to apply.

Article 8. The remuneration or pay of the Members of the Legislative Yuan shall be prescribed by law.

Except for general annual adjustments, individual provisions on increase of remuneration or pay shall take effect starting with the subsequent Legislative Yuan.

Article 9. The system of self-government in the provinces and counties shall include the following provisions, which shall be established by the enactment of appropriate laws, the restrictions in Article 108, Paragraph 1, Item 1; Article 109; Article 112 through Article 115; and Article 122 of the Constitution notwithstanding:

1. A province shall have a provincial government of nine Members, one of whom shall be the Provincial Governor. All Members shall be nominated by the President of the Executive Yuan and appointed by the President of the Republic.
2. A province shall have a provincial advisory council made up of a number of Members, who shall be nominated by the President of the Executive Yuan and appointed by the President of the Republic.
3. A county shall have a county council, Members of which shall be elected by the people of the said county.
4. The legislative powers vested in a county shall be exercised by the county council of the said county.
5. A county shall have a county government headed by a County Magistrate who shall be elected by the people of the said county.

6. The relationship between the central government and the provincial and county governments.
7. A province shall execute the orders of the Executive Yuan and supervise matters governed by the counties.

The modifications of the functions, operations, and organization of the Taiwan Provincial Government may be specified by law.

Article 10. The State shall encourage the development of and investment in science and technology, facilitate industrial upgrading, promote modernization of agriculture and fishery, emphasize exploitation and utilization of water resources, and strengthen international economic cooperation.

Environmental and ecological protection shall be given equal consideration with economic and technological development.

The State shall assist and protect the survival and development of private small and medium-sized enterprises.

The State shall manage government-run financial organizations, in accordance with the principles of business administration. The management, personnel, proposed budgets, final budgets, and audits of the said organizations may be specified by law.

The State shall promote universal health insurance and promote the research and development of both modern and traditional medicines.

The State shall protect the dignity of women, safeguard their personal safety,

eliminate sexual discrimination, and further substantive gender equality.

The State shall guarantee insurance, medical care, obstacle-free environments, education and training, vocational guidance, and support and assistance in everyday life for physically and mentally handicapped persons, and shall also assist them to attain independence and to develop.

The State shall emphasize social relief and assistance, welfare services, employment for citizens, social insurance, medical and health care, and other social welfare services. Priority shall be given to funding social relief and assistance, and employment for citizens.

The State shall respect military servicemen for their contributions to society, and guarantee studies, employment, medical care, and livelihood for retired servicemen.

Priority shall be given to funding education, science, and culture, and in particular funding for compulsory education, the restrictions in Article 164 of the Constitution notwithstanding.

The State affirms cultural pluralism and shall actively preserve and foster the development of aboriginal languages and cultures.

The State shall, in accordance with the will of the ethnic groups, safeguard the status and political participation of the aborigines. The State shall also guarantee and provide assistance and encouragement for aboriginal education, culture, transportation, water conservation, health and medical care, economic activity,

land, and social welfare, measures for which shall be established by law. The same protection and assistance shall be given to the people of the Penghu, Kinmen, and Matsu areas.

The State shall accord to nationals of the Republic of China residing overseas protection of their rights of political participation.

Article 11. Rights and obligations between the people of the Chinese mainland area and those of the free area, and the disposition of other related affairs may be specified by law.

Article 12. Amendment of the Constitution shall be initiated upon

the proposal of one-fourth of the total Members of the Legislative Yuan, passed by at least three-fourths of the Members present at a meeting attended by at least three-fourths of the total Members of the Legislative Yuan, and sanctioned by electors in the free area of the Republic of China at a referendum held upon expiration of a six-month period of public announcement of the proposal, wherein the number of valid votes in favor exceeds one-half of the total number of electors. The provisions of Article 174 of the Constitution shall not apply. ■

A Comparison of Various Romanization Systems

MPS	Tongyong Pinyin	Wade-Giles	Hanyu Pinyin
ㄅ	b-	p-	b-
ㄆ	p-	p'	p-
ㄇ	m-	m-	m-
ㄉ	f-	f-	f-
ㄊ	d-	t-	d-
ㄎ	t-	t'	t-
ㄌ	n-	n-	n-
ㄍ	l-	l-	l-
ㄍ	g-	k-	g-
ㄎ	k-	k'	k-
ㄏ	h-	h-	h-
ㄐ	ji-	ch-	j-
ㄑ	ci-	ch'	q-
ㄒ	si-	hs-	x-
ㄗ	jihh, jh-	chih, ch-	zhi, zh-
ㄘ	chih, ch-	ch'ih, ch'-	chi, ch-
ㄙ	shih, sh-	shih, sh-	shi, sh-
ㄨ	rih, r-	jih, j-	ri, r-
ㄨ	zih, z-	tzuh, ts-	zi, z-
ㄨ	ch, c-	tz'u, ts'-	ci, c-
ㄨ	sih,	szu, ssu,	si,
ㄨ	s-	s-	s-
ㄩ	a	a	a
ㄛ	-o	-o	-o
ㄜ	-e	-o, -e	-e
ㄝ	-ê	-(i)eh	-(i)e
ㄞ	ai	ai	ai
ㄟ	-ei	-ei	-ei
ㄠ	ao	ao	ao
ㄡ	ou	ou	ou
ㄢ	an	an	an
ㄣ	en	(e)n	(e)n
ㄤ	ang	ang	ang
ㄥ	-(e)ng	-(e)ng	-(e)ng
ㄨ	er	(e)rh	(e)r

MPS	Tongyong Pinyin	Wade-Giles	Hanyu Pinyin
ㄨ	yi, -i	i, (y)i	yi, -i
ㄨ	wu, -u	wu, -u	wu, -u
ㄨ	yu	yü, -ü	yu, -u, -ü*
ㄨ	ya, -ia	ya, -ia	ya, -ia
ㄨ	ye, -ie	yeh, -ieh	ye, -ie
ㄨ	yai	yai	yai
ㄨ	yao, -iao	yao, -iao	yao, -iao
ㄨ	you, -iou	yu, -iu	you, -iu
ㄨ	yan, -ian	yen, -ien	yan, -ian
ㄨ	yin, -in	yin, -in	yin, -in
ㄨ	yang, -iang	yang, -iang	yang, -iang
ㄨ	ying, -ing	ying, -ing	ying, -ing
ㄨ	wa, -ua	wa, -ua	wa, -ua
ㄨ	wo, -uo	wo, -o, -uo**	wo, -uo
ㄨ	wai, -uai	wai, -uai	wai, -uai
ㄨ	wei, -uei	wei, -ui, -uei***	wei, -ui
ㄨ	wan, -uan	wan, -uan	wan, -uan
ㄨ	wun, -un	wen, -un	wen, -un
ㄨ	wang, -uang	wang, -uang	wang, -uang
ㄨ	wong, -ong	weng, -ung	weng, -ong
ㄨ	yue	yüeh, -üeh	yue, -ue, -üe*
ㄨ	yuan	yüan, -üan	yuan, -uan
ㄨ	yun	yün, -ün	yun, -un
ㄨ	yong	yung, -iung	yong, -iong

*Used after l- and n-.

**Used with the initials k-, k', h-, n-, l-, and sh-.

***Used with the initials k- and k'.

The tone marks for the Mandarin Phonetic Symbols (MPS) system are: first tone, no mark; second tone, ˊ; third tone, ˇ; fourth tone, ˋ; and neutral tone, •. The Hanyu Pinyin system uses the same tone marks, but adds a first tone mark, - , and does not have a mark for the neutral tone.

THE REPUBLIC OF CHINA

YEARBOOK

The 2014 edition of *The Republic of China Yearbook* offers a comprehensive overview of one of Asia's most dynamic societies. The 14 chapters chronicle major social, political and economic developments from the previous year. Rich content, photographs and sidebars, charts and tables, as well as Chinese-character translations of organizational, personal and place names help to deepen the reader's understanding of this unique and colorful nation.

Six appendices provide an overview of Taiwan's international rankings, a summary of national holidays and festivals, a chronology of major events from 2013, the history of the ROC, the full text of the Constitution of the Republic of China and its Additional Articles, and a comparison of systems for Romanization of Mandarin Chinese.

A new section has also been added to this edition to explain the government's policies on some of the most important issues in contemporary Taiwan. This year's focus is on integration with the global economy, importance of the Cross-Straits Economic Cooperation Framework Agreement, the next trillion-dollar industry, and Taiwan as a "free trade island."

The full text of this publication is also available at <http://www.ey.gov.tw/en/>.



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