

Taiwan

Overview:

Taiwan is located in Eastern Asia, off the southeastern coast of mainland of China, and is known as one of the Asia small dragons. The economic development on the island has been tremendous; it is now one of the main manufacturers of the world's high-technology goods. The Kuomintang (KMT) lost the Chinese civil war against the Communist Party in 1949 and retreated to Taiwan; claim themselves as the Republic of China (ROC). However, this is not recognized by the Communist Party, who found the People's Republic of China (PRC) in October 1949 on the mainland, and claimed that they are the sole legitimate government of China including Taiwan. The Taiwan-China relation is a hotly disputed issue in the international arena.

Territory:

With a total area of nearly 36,000 sq. km, Taiwan is separated from mainland China by the Taiwan Strait, which is about 220 km at its widest point and 130 km at its narrowest. The island of Taiwan is 394 km long, 144 km at its widest point, and shaped like a leaf. Taiwan consists of Taiwan Island, Penghu Islands, Kinmen Islands, and Matsu Islands. The Green Island and Orchid Island located off the Pacific Coast are also territories of Taiwan.

Location:

Eastern Asia, islands bordering the East China Sea, Philippine Sea, South China Sea, and Taiwan Strait, north of the Philippines, off the southeastern coast of mainland China

Latitude and Longitude:

It is located between 21°53'50" and 25°18'20"N latitude and between 120°01'00" and 121°59'15"E longitude

Time Zone:

GMT +8

Total Land Area:

36000

EEZ:

200

Climate:

Situated in the path of warm ocean currents, Taiwan has an oceanic and subtropical monsoon climate, conspicuously influenced by its topography. Summers are long and accompanied by high humidity, while winters are short and usually mild. In the coldest months, snow is visible on the peaks of high mountains. Frost is rare in the lowlands, where most of the population lives and works. In winter times, the mean monthly temperature ranges from 15 to 20 degree Celsius around Taiwan, while it is about 28 degree Celsius in summer season. The relative humidity averages about 80 percent. Thundershowers and typhoons bring Taiwan heavy rainfall during the summer months.

Natural Resources:

Small deposits of coal, natural gas, limestone, marble, and asbestos

ECONOMY:

Total GDP:	
2000	326,356,000,000.00 USD
2001	288,390,000,000.00 USD
2002	305,320,000,000.00 USD

Per Capita GDP:	
2002	18,000.00 USD
2003	23,400.00 USD
2004	25,300.00 USD

% of GDP per Sector:			
	Primary	Secondary	Tertiary
2002	1.86%	31.05%	67.1%

% of Population Employed by Sector			
	Primary	Secondary	Tertiary
2004	8%	35%	57%

External Aid/Remittances:

Taiwan received external aid from the United States in the 1950s but no longer receives any kind of external aid. On the other hand, Taiwan has given aid to small developing states; one reason is to establish a relatively good relationship with the countries, and to finally achieve the goal of establishing diplomatic relations with the countries and gain recognition of Taiwan as a sovereign state.

Growth:

Following the recovery from wartime economic destruction and from the dislocation associated with the arrival in Taiwan of the exiled KMT government, economic policy in the 1950s was dominated by efficiency-enhancing institutional and economic initiatives in agriculture (not least, the implementation of land reform) and import-substituting industrialization. (ISI). One result of ISI was a significant rise in industry's share in GDP, from 20% in 1952 to 27% in 1960. And by the end of the decade, however, import substitution was exhausted, and the government of Chiang Kai-shek embarked upon a new strategy of export-led growth. This outward orientation-one that was to drive Taiwan's subsequent techno-industrial transformation-was perhaps the single most important watershed in Taiwan's post-1949 economic development. It has lasted to the present performances of any economy in the world. Between the early 1950s and the first half of the 1960s, Taiwan succeeded in laying the foundations of self-sustaining growth. Economic growth rates were among the highest in the world (GDP growth averaged 8.3% per annum during 1952-1965), while inflationary pressures remained modest. Yet a large part of the increase in output was absorbed by a rapid rise in population. Whether viewed through estimates of per capita income or more aggregate measures of national product, investment, exports, and growth data for the late 1960s and throughout the 1970s indicated an even more buoyant economic performance. Between 1966 and 1980 GDP grew at an average annual rate of 9.8%, while per capita income growth accelerated even more sharply. Economic structural change after the 1960s reflected the impact of two new policy impulses: first, in the 1970s, the process of industrial deepening; second, in the 1980s, that of industrial upgrading and diversification. The economic implications of these initiatives were most readily felt in terms of their impact on markets, ownership and industrial composition. In particular, as US aid and policy guidance receded, so Taiwan's own economic technocrats identified net market opportunities, which they sought to realize by fostering indigenous industrial entrepreneurship. Even allowing for a declining trend in Taiwan's economic growth from 1980, GDP expansion during the next two decades remained buoyant (averaging 7.9% annually during 1981-1990; and 6.4% during 1991-2000). Unlike almost all its East and South-East Asian neighbours, Taiwan emerged relatively unscathed from the Asian financial crisis of the late 1990s, its real GDP growth falling 6.4% to 4.6% between 1997 and 1998. In 2002, the global economic recovery and revival of international trade in information and electronic products led to a rapid resurgence of Taiwan's economy. Economic growth rate, (real GDP increase) in 2002, was 3.59 percent. Taiwan's external trade also rebounded strongly, not only spurring domestic production but also leading to a 2.5 percent rise in real private investment, and total employment increased by 0.76 percent.

Labour Force:	
2000	9,784,000
2001	9,832,000
2002	9,970,000

Unemployment	
Year:	Unemployment Rate (% of pop.)
2001	4.06%
2002	5.17%
2004	4.5%

Industry:

Labor-intensive industries have gradually been replaced by capital and technology-intensive industries, such as the production of chemicals, petrochemicals, information technology, electrical equipment, and electronics. Electronics and information technology have evolved into the mainstay of industry. Taiwan has a dynamic capitalist economy with gradually decreasing guidance of investment and foreign trade by government authorities. In keeping with this trend, some large government-owned banks and industrial firms are being privatized. Exports have provided the primary impetus for industrialization. The trade surplus is substantial, and foreign reserves are the world's third largest. Agriculture contributes less than 2 percent to GDP, down from 32 percent in 1952. Taiwan is a major investor throughout Southeast Asia. China has overtaken the US to become Taiwan's largest export market. Because of its conservative financial approach and its entrepreneurial strengths, Taiwan suffered little compared with many of its neighbors from the Asian financial crisis in 1998. The global economic downturn, combined with problems in policy coordination by the administration and bad debts in the banking system, pushed Taiwan into recession in 2001, the first year of negative growth ever recorded. Unemployment also reached record levels. Output recovered moderately in 2002 in the face of continued global slowdown, fragile consumer confidence, and bad bank loans; and the essentially vibrant economy pushed ahead in 2003-04. Growing economic ties with China are a dominant long-term factor, e.g., exports to China of parts and equipment for the assembly of goods for export to developed countries. Total GDP: GDP Year 2000 2001 2002 (NT\$ million) 10,043,340 9,937,019 10,207,926 Per capita GDP: Per capita GDP Year 2002 2003 2004 (US\$) \$18,000 \$23,400 \$25,300 % of GDP per Sector: % of GDP per Sector, 2002 figures Sector Agriculture Industrial Service % of GDP per Sector 1.86% 31.05% 67.10% % of Population Employed per Sector: % of Population Employed per Sector, 2004 figures Sector Agriculture Industrial Service % of Population Employed per Sector 8% 35% 57%

Niche Industry:

Niche Industries for Taiwan is the Information and Technology Industry. Taiwan has become the third largest manufacturer of hardware products for personal computers, and the world's fourth largest supplier of semiconductor components for the IT industry. Also, tourism, textiles and emerging industries, such as semiconductors, flat-panel displays, as well biotechnology and pharmaceuticals are also niche industries for Taiwan. The Textiles Industry is another niche industry for the island. Since Taiwan does not produce cotton, wool, silk, linen, or other natural raw materials; the domestic textile industry has developed man-made fabrics. In 2002, Taiwan produced over three million tons of man-made fiber, which ranked it second in the world. Polyester accounted for 80 percent of the total output and placed Taiwan as the world's second largest producer of this fiber.

Tourism:

Taiwan's breathtaking scenery, exotic culture and rich history have offered the island the excellent resources for tourism. In northern Taiwan, where the ancient meets the modern, for example, there situated the modernized city of Taipei, and the ancient Taipei's National Palace Museum and the Lin Family Mansion and Garden at Banciao is Taiwan's best example of Qing dynasty architecture and gardens. In central Taiwan is where the cliffs, clouds and cataracts show off the full range of the island's natural beauty. And in southern Taiwan, is where displays the bucolic scenes from the past. There are more than 200 temples in Tainan, provide some of the best remaining examples of southern Chinese architecture in Taiwan. They range from the serene Confucian Temple built in 1666 to the elaborate new Temple of the Goddess of the Sea at Luermen, a complex built by some of Taiwan's finest artisans. In order to attract more foreign tourists and provide local residents with more cultural and recreational activities, the Tourism Bureau sponsored two major annual events in 2003: the Taiwan Lantern Festival in Taichung and the Taiwan Chinese Food Festival. There are also many other local festivals, for example, the first major festival of the year, Lunar New Year, is the most important of the annual festivals. It is followed by the Lantern Festival, which occurs on the first full moon of the lunar calendar. Next on the calendar is the birthday of Matsu. The Dragon Boat Festival is the next one on the list, also the Mid-Autumn or Moon Festival, are just a few of many Taiwan's festivals and celebrations. The Tourism Bureau promotes Taiwan through its Internet homepage in Chinese, English, and Japanese and the efforts of its overseas branches. The Seoul branch, which was closed following the rupture of diplomatic ties with South Korea, was reopened in 1995, and a Hong Kong branch was inaugurated in June 1996. In May 1999, the establishment of an Osaka branch office brought the Tourism Bureau's total number of overseas offices to ten. Taiwan registered 2,726,411 visitor arrivals in 2002, and this was a growth of 4.18 percent from the year before. (Excluding arrivals from mainland China) Foreign visitors totaled 2,354,017, for an increase of 2.71 percent over 2001. Overseas Chinese visitors numbered 372,394, up 47,127 or 14.49 percent over the 325,266 recorded the year before. In 2002, Japan continued to contribute the largest number of visitors to Taiwan with 986,053, an increase of 1.53 percent from 2001. Hong Kong remained Taiwan's second-largest source of visitors, totaling 435,080, an increase of 10.83 percent from 2001. The United States was Taiwan's third largest source of visitors, totaling 354,087, or a 4.33 percent increase from 2001.



Imports and Exports:	
In 2002, the global economic recovery and revival of international trade in information and electronic products led to a rapid resurgence in shipments of Taiwan's main export commodities, namely electrical machinery and mechanical appliances.	
Tot. Value of Imports	112.00 USD ()
From Eu:	12 900 000 000
Import Partners (EU:)	Germany, the UK, France, and the Netherlands,
Partners Outside EU:	Hong Kong, the United States, Japan, ASEAN countries,
Import Partners:	Germany, the UK, France, and the Netherlands, Hong Kong, the United States, Japan, ASEAN countries,
Tot. Value of Exports	130 USD ()
To Eu:	234 000 000 000
Export Partners:	Germany, the UK, France, and the Netherlands,
Partners Outside EU::	Hong Kong, the United States, Japan, ASEAN countries
Export Partners:	Germany, the UK, France, and the Netherlands, Hong Kong, the United States, Japan, ASEAN countries
Main Imports:	Electrical machinery and parts, mechanical appliances and parts, mineral fuels, optical instrument, and organic chemicals.
Main Exports:	Electrical machinery and parts, mechanical appliances and parts, plastic and products, iron and steel, and optical instruments.

TRANSPORTATION/ACCESS

External:

Number of Airports: 2

2 international airports, Chiang Kai-shek (CKS) International Airport in northern Taiwan and Kaohsiung International Airport in the south. In 2002, around 20.1 million international inbound and outbound passengers were transported, an increase of 2.9 percent compared with 19.5 million in 2001.

Number of Main Ports: 6

6 international ports (Keelung, Suao, Taichung, Hualien, Anping, and Kaohsiung). The total cargo handled by these ports totaled 11.6 million TEUs (Twenty-foot Equivalent Units, a measurement for cargo equivalent to a standardized 20-foot container) in 2002.

Internal:

Air

6 airlines provide domestic services: Far Eastern Air Transport, Mandarin Airlines, TransAsia Airways, UNI Airways, Daily Air Corporation, and Sunrise Airlines. And 15 domestic airports in operations: Taipei, Hualien, Taitung, Taichung, Tainan, Chiayi, Pingtung, Magong, Cimei, Orchid Island, Green Island, Wangan, Kinmen, Beigan, and Nangan (both on Matsu).

Road:

There are seven different kinds of highways: the freeway, the expressway, the round-the-island highway, the cross-island highway, the longitudinal highway, the coastal highway, and the connecting highway. In 2002, there were 17.91 million motor vehicles in Taiwan, a 2.5 percent increase from the previous year. However, the number of highway passengers for the year was 1.05 billion, down 3.4 percent from 2001. Cargo transported via Taiwan's highways and freeways also decreased by 3.6 percent, to 289 million tons in 2002.

Sea:

Very limited ferry services are provided for transport between Taiwan and outlying islands.

Other Forms of Transportation:

Railway, High Speed Railway (HSR), buses and government vehicles, private motor vehicles and taxi, Taiwan's modern railway system provides frequent and convenient passenger service between all major cities on the island. As of December 2002, Taiwan's railway network totaled 1,097 kilometers, an equivalent of 0.05 kilometers per 10,000 people, or 31 meters per square kilometer of land. This railway system transported 12.2 million tons of freight in 2002, 1.78 percent less than in 2001. The number of passengers carried increased 5.77 percent to a total of 175 million. The 345-kilometer HSR route passes through the western corridor of the island and covers 12 stations: Nangang, Taipei, Banciao, Taoyuan, Hsinchu, Miaoli, Taichung, Changhua, Yunlin, Chiayi, Tainan, and Kaohsiung. Travel time from Taipei to Kaohsiung is cut from 4.5 hours by existing train or highway vehicles to just 90 minutes.

Economic Zones:

Kaohsiung being one of the busiest international ports on the island and the second largest city, where Tainan also being one of the major cities, the short distance between those two cities, vast transporting of imported and exported goods have formed a special economic zone around this area. Kaohsiung port handles goods mainly from and going to Singapore, Malaysia, Australia and New Zealand. Also the Taipei and Keelung area is another economic zone. Keelung port handles large amount of goods coming in and going out of the island to mostly Japan, South Korea and many European countries.

Energy Policy:

Taiwan has insufficient natural energy resources to meet its needs. Its coal reserves amount to only 98 million tons, and its oil and natural gas reserves, only total 0.4 million tons and 2,400 billion cubic feet, respectively. Total hydropower reserves have been estimated at 5,047 megawatts (MW), of which 1,973 megawatts have been developed. Expenditures for imported energy totaled US\$11.57 billion in 2002, of which imported oil accounted for 73.9 percent, or US\$8.56 billion. Imported energy accounted for 10.2 percent of the total value of imports in 2002 and 4.1 percent of GDP, with an average per capita spending of US\$512.3 for energy imports. 2002 Total Energy Production: (million kiloliters) 113.23 Type: Oil: 49% Coal: 33% Natural Gas: 8%

Hydro Power: 1% Nuclear: 9% Total Energy Consumption: (million kiloliters)
 100.06 Sectors: Domestic: 12% Commercial: 6% Public Service: 15% Industry: 58% Public Lighting: 5%

Year	Total Energy Production (Mwh)	Type			Total Energy Consumption (Mwh)	Sector				
		Thermic (Mwh)	Geothermic (Mwh)	Other (Mwh)		Domestic (Mwh)	Commercial (Mwh)	Public Service (Mwh)	Industry (Mwh)	Public Lighting (Mwh)
2002	2,147,483,647	90	0	10	0	12	6	5	58	5

Official Currency:
 New Taiwan Dollar, (\$NT)

Banking and Insurance:

Number of Banks and Credit Unions: 89
 Number of Agricultural Credit Unions: 278
 Number of Insurance Companies: 38

Number of Banks and Credit Unions (2002) 52 domestic banks, 37 credit unions, 72 offshore banking units. 404 (Combined Number of Main Offices) 5874 (Combined Number of Branches) Number of Agricultural Credit Unions (2002) 278 credit departments Number of Insurance Companies (2002) 38

Financial Services:

Taiwan has various financial services; in fact, finance, insurance and real estate comprised the bulk of the Taiwan service sector, accounting for over 31.1 percent. With 52 domestic banks, 36 foreign banks, and more than 300 other types of financial institutions offering various monetary services, Taiwan has grown into an island with dynamic financial services in the 21st century.

Communications/E-Commerce:

As of November 2002, local phone subscribers totaled 13.09 million, pushing the penetration rate up to 58.2 percent. Taiwan's mobile phone penetration rate grew from 6.86 percent in 1997 to 111.33 percent in June 2003. Communications key indicators 2000 2001 2002 Book production (titles) 34,533 36,546 38,953 Newspapers 445 454 474 Magazines 6,641 7,236 8,140 Telephone subscribers (Â'000) 12,642 12,858 13,099 Mobile telephones (Â'000) in use 17,874 21,633 23,905 Personal computers (Â'000) in use 4,964 5,000 n/a Internet users (Â'000) in use 4,650 6,232 7,459

Public Ownership:

When Taiwan was still under Japanese's rule, about 90 percent of the industrial enterprises were owned by the government or by Japanese corporations with government assistance. After the restoration of Taiwan to China in 1945, Taiwan government took over these enterprises. Some were sold to private owners, and the rest were grouped under the management of 18 public corporations, operated either by the national government or by the provincial government, or by both. As a result, government-operated enterprises came to dominate Taiwanese industry. Although the proportion accounted for by these enterprises in the production value of manufacturing industries has been falling in recent years in contrast to the private sector, it still accounts for a significant amount of value added. Beginning in 1992, Taiwan authorities have made efforts to reduce the size of the public sector. These efforts have gained momentum after democratization in 1996. By 2002, the government had sold equity shares and reduced public ownership to below 50% in 23 state-owned enterprises (SOEs), mostly banks and insurance companies, but including a steel mill and one fertilizer company. In 1998 and 1999 privatization announcements included the Chinese Petroleum Corp., Chunghwa Telecom Corp., and Taiwan Power Corp. Plans for privatization have been announced for SOEs involved in power, oil, tobacco, wine, railway transport, mining and telecommunications.

Land Use:

Arable land: 24% Permanent crops: 1% Other 75% (2001)

Agriculture/Forestry:

Taiwan's agricultural sector has faced increased pressure from rapid economic development and soaring labor costs in recent years. World Trade Organization (WTO) accession in January 2002 and subsequent trade liberalization have made the situation worse, as Taiwan fulfills its WTO commitments of opening its markets and eliminating protectionist trade measures. Also, in the face of the impacts of WTO entry, more and more farms are switching their focus from crop cultivation to agricultural tourism. The government welcomes these changes and provides assistance on farming labor transformation. In 2002, the agricultural sector accounted for less than 2 percent of Taiwan's GDP. Agricultural production totaled US\$1 billion, which is almost the same as the previous year. Of this total production value, farming accounted for 43.33 percent, livestock for 30.02 percent, fishing for 26.41 percent, and forestry for a mere 0.25 percent. The number of workers in the agricultural sector made up 7.5 percent of Taiwan's workforce in 2002.

Marine Activity:

Fishing:

Over the past half-century, Taiwan's fishing industry has developed from small-scale coastal fisheries to deep-sea commercial fishing. In 2002, Taiwan had 134,062 fishing households, 40 percent of which were engaged in coastal fishing, 25 percent in inland aquaculture, and 23 percent in offshore fishing. Taiwan's fishing fleet totaled 26,549 ships, of which 25,430 were powered craft, and had an annual catch of one million metric tons. Total fishery production, including aquacultural products, was 1.41 million metric tons in 2002, which represented a 7 percent increase from the previous year. In 2002, Taiwan produced US\$2.7 billion worth of fish. Of this, 49.42 percent came from deep-sea fishing, 28.35 percent from inland aquaculture, 13.38 percent from offshore fishing, 4.92 percent from coastal fishing, and 3.90 percent from marine aquaculture. Deep-sea fishery production fell 2 percent from 2001 due to disruptions in international cooperation. About 39 percent of Taiwan's total production was exported, with skipjack, squid, yellow-fin tuna, and tilapia as the leading exports.

Marine Life:

Taiwan's geography and climate are ideal for aquaculture, offering fish farmers tropical, subtropical, and temperate climates in which to raise a wide variety of fish. Even the North American rainbow trout can be cultivated in some of Taiwan's mountains. Also eel, milkfish, tilapia, grouper, tiger prawn, giant river prawn, oyster, hard clam, and small abalone are also some important marine life of the island.

Critical Issues:

The issue of Taiwan sovereignty is the most critical issue on the island. Debate on this has become acceptable within the mainstream of domestic politics on Taiwan; political liberalization and the increased representation of opposition parties in Taiwan's legislature have opened public debate on the island's national identity; a broad popular consensus has developed that whatever the ultimate outcome regarding reunification or independence - that Taiwan's people must have the deciding voice; advocates of Taiwan independence oppose the stand that the island will eventually unify with mainland China. Goals of the Taiwan independence movement include establishing a sovereign nation on Taiwan and entering the UN.

JURISDICTIONAL RESOURCES



Capital:
Taipei

Political System:

Multiparty democratic regime headed by popularly-elected president and unicameral legislature. The island is based on civil law system; accepts compulsory ICJ jurisdiction, with reservations.

Political Parties:

The Democratic Progressive Party (DPP) was formed on September 28, 1986. Its organizational structure consists of a National Congress that elects 30 members to the Central Executive Committee and 11 members to the Central Review Committee. The Central Executive Committee, in turn, elects the 10 members of the Central Standing Committee. The members of these committees all serve two-year terms. The Kuomintang (KMT), or Nationalist Party, celebrated its one hundredth anniversary on November 24, 1994. The KMT had won almost every major election until it lost to the Democratic Progressive Party in the 1997 election for county magistrates and city mayors for the first time, and 2000 presidential election. In August 1993, shortly before the Kuomintang's 14th National Congress, a group of dissatisfied KMT members, including six Legislative Yuan members and one former lawmaker, broke away from the KMT to establish the New Party (NP). The New Party differs from the KMT and the DPP in organizational structure, stressing the leadership of those holding public office. In the 2000 presidential election, former KMT provincial governor James Soong, running as an independent, lost by less than three percentage points to DPP's Chen Shui-bian. Immediately after the election, Soong's supporters called on him to form a new party. Eventually, the People First Party (PFP) was established, attracting many KMT and NP lawmakers. In an unprecedented move, the PFP opened its membership to citizens 16 years of age, two years younger than the minimum age required by other parties. It is now the third largest party after the DPP and the KMT in the Legislative Yuan. The Taiwan Solidarity Union (TSU) is a new addition to Taiwan's party system. It registered with the Ministry of the Interior on July 31, 2001 and held its inaugural meeting 12 days later. With the endorsement of former President Lee Teng-hui, it attracts supporters from the KMT, the DPP, and other political groups. Its aim is to "stabilize the political situation, promote the economy, consolidate democracy, and strengthen Taiwan." The TSU originally only opened its membership to candidates who ran in national and local elections. Since October 2002, it has begun to recruit members from the general public.

Important Legislation:

The legislation about Freedom of speech and revolution of the media and press passed in 1989. Since then, people in Taiwan have the rights to speak for themselves and criticize the policies of the government. Consequently, it speed up the development of democracy and entitle the people have rights to vote for higher level of government deputy. Guidelines for National Unification: The unification of China is meant to bring about a strong and prosperous nation with a long-lasting, bright future for its people; it is the common wish of Chinese people at home and abroad. After an appropriate period of forthright exchange, cooperation, and consultation conducted under the principles of reason, peace, parity, and reciprocity, the two sides of the Taiwan Straits should foster a consensus of democracy, freedom and equal prosperity, and together build a new and unified China. Based on this understanding, these Guidelines have been specially formulated with the express hope that all Chinese throughout the world will work with one mind toward their fulfillment. -- Mainland Affairs Council, The Executive Yuan, Republic Of China. To establish a democratic, free and equitably prosperous China. 1. Both the mainland and Taiwan areas are parts of Chinese territory. Helping to bring about national unification should be the common responsibility of all Chinese people. 2. The unification of China should be for the welfare of all its people and not be subject to partisan conflict. 3. China's unification should aim at promoting Chinese culture, safeguarding human dignity, guaranteeing fundamental human rights, and practicing democracy and the rule of law. 4. The timing and manner of China's unification should first respect the rights and interests of the people in the Taiwan area, and protect their security and welfare. It should be achieved in gradual phases under the principles of reason, peace, parity, and reciprocity. 1. Short term -- A phase of exchanges and reciprocity. (1)To enhance understanding through exchanges between the two sides of the Straits and eliminate hostility through reciprocity; and to establish a mutually benign relationship by not endangering each other's security and stability while in the midst of exchanges and not denying the other's existence as a political entity while in the midst of effecting reciprocity. (2)To set up an order for exchanges across the Straits, to draw up regulations for such exchanges, and to establish intermediary organizations so as to protect people's rights and interest on both sides of the Straits; to gradually ease various restrictions and expand people-to-people contacts so as to promote the social prosperity of both sides. (3)In order to improve the people's welfare on both sides of the Straits with the ultimate objective of unifying the nation, in the mainland area economic reform should be carried out forthrightly, the expression of public opinion there should gradually be allowed, and both democracy and the rule of law should be implemented; while in the Taiwan area efforts should be made to accelerate constitutional reform and promote national development to establish a society of equitable prosperity. (4)The two sides of the Straits should end the state of hostility and, under the principle of one China, solve all disputes through peaceful means, and furthermore respect -- not reject -- each other in the international community, so as to move toward a phase of mutual trust and cooperation. 2. Medium Term -- A phase of mutual trust and cooperation. (1) Both sides of the Straits should establish official communication channels on equal footing. (2) Direct postal, transport and commercial links should be allowed, and both sides should jointly develop the southeastern coastal area of Chinese mainland and then gradually extend this development to other areas of the mainland in order to narrow the gap in living standards between the two sides. (3) Both sides of the Straits should work together and assist each other in taking part in international organizations and activities. (4) Mutual visits by high-ranking officials on both sides should be promoted to create favorable conditions for consultation and unification. 3. Long term -- A phase of consultation and unification. A consultative organization for unification should be established through which both sides, in accordance with the will of the people in both the mainland and Taiwan areas, and while adhering to the goals of democracy, economic freedom, social justice and nationalization of the armed forces, jointly discuss the grand task of unification and map out a constitutional system to establish a democratic, free, and equitably prosperous China. Taiwan has progressively endeavored to map out numerous policies as well as amending Taiwan's laws related to securities and financing affairs in order to expedite the capitalization and internationalization of Taiwan's securities market, develop Taiwan's securities services, and attract foreign investment in Taiwan's securities market. Some of the major progressive measures adopted by Taiwan are listed as follows: 1. Foreign investment: A. Foreign securities financing companies are permitted to establish branch offices According to "The Establishment Criteria of Securities Firms," any foreign securities company, meeting the complete legal criteria, can obtain permission from the Securities and Futures Commission of the Ministry of Finance, to establish branch offices in Taiwan to broker, self-run, finance, authorize buying and selling of foreign securities, and promotion. B. Foreign Investment in the Taiwan Stock Market According to the "Guidelines for Overseas Chinese and Foreign Nationals to Apply for Investment in the Taiwan Securities Market" and related administrative orders, different investment conditions are as follows: (1) Overseas Chinese and foreign nationals directly investing in the Taiwan Stock Market (a) Overseas Chinese and foreign nationals may invest in the Taiwan stock market, in accordance with regulations prohibiting investment in certain industries by foreign nationals, as well as regulations regarding the maximum investment ratio, but not subject to the prohibition under the Executive Yuan -approved negative list on restrictions on investment by foreign nationals and overseas Chinese in the Prescribed industries. (b) The onshore, offshore overseas Chinese and foreign nationals may apply to the Taiwan Securities Exchange for an investment permit; provided that onshore overseas Chinese and foreign nationals investing in government bonds, financial bills, ordinary corporate bonds, and open-end funds will not be limited. (c) According to the latest interpretation by the Ministry of Finance, the percentage of each company's total shares available for investment by onshore/offshore overseas Chinese and foreign nationals, and trusts funds and onshore/offshore overseas Chinese and foreign nationals, will no longer be limited to holdings in the maximum amount of less than 50% of the total outstanding shares of any given issuing company. But for other investment ratio limitations lower than the amount of 50%, the regulations stand. (d) Overseas Chinese and foreign nationals may sell their overseas shares invested in the Taiwan stock market (issued by Taiwanese companies to issue and trade overseas). But if the shares are issued with cash to increase the capital by listed or OTC (over-the-counter) companies, the selling shall not be allowed three months after the issuance. (2) Qualified Foreign Institutional Investors (a) For Qualified Foreign Institutional Investors (QFII) to invest in the Taiwan Stock Market, permission from both the authorities of the stock market and foreign exchange are required. (b) The maximum investment quota for each QFII is 2 billion U.S. Dollars. (c) Investment capital, capital gains, realized capital gains, and share dividends can be applied for remittance out of Taiwan in accordance with regulations, and may be remitted back within six months after the outward remittance, without obtaining approval from this Commission. (d) QFIIs that invest in the Taiwan stock market with capital gained from selling overseas stocks or exchanged Taiwan securities, where their investment amount exceeds the approved amount or the maximum 2 billion U.S. Dollars, such QFIIs do need not obtain approval from this Commission. (3) Issuing Stocks Overseas In accordance with the "Guidelines for the Offering and Issuance of Securities by Foreign Issuers," a foreign company may issue and offer bonds and securities, list securities on the stock exchange ("Listing") or trade over-the-counter ("OTC Trading"), and cooperate with custodian institutions to issue Taiwan depository receipts to collect capital. 2. Securities

and Exchange Law A. Amending the stock "buy back" system Article 28-2 was amended to establish the stock "buy back" system, stipulating that a company whose shares are either listed on a stock exchange or traded on the over-the-counter market may buy back the shares after approval of its Board of Directors, without the limitations stipulated in Article 167-1 of the Company Law. B. Client-authorized operation Article 18-3 was amended to allow funds for investment with full discretionary authorization received from customers by a securities investment consulting enterprise or securities investment trust enterprise and the private property of the enterprise to be independently maintained, thus encouraging investors to participate in the stock market through professional investing institutions, increasing the investment capital from outside sources, and increasing the ratio of corporate investment. C. Promoting the collecting and issuing of the stock warrants, special shares with subscription right or corporate bonds with subscription Article 28-3 was amended so that public issued companies which offer or issue stock warrants, special shares with subscription right or corporate bonds with subscription right shall, upon subscribers exercising subscription rights in accordance with the subscription rules prescribed by the companies, be obligated to issue shares to them, and shall not be subject to the restrictions under Paragraphs 1 and 2 of Article 278 of the Company Law. D. Increasing the issuing amount of the secured corporate bonds, convertible corporate bonds or corporate bonds with subscription rights Article 28-4 was amended so that the total issue amount of the secured corporate bonds, convertible corporate bonds or corporate bonds with subscription right offered and issued by a company that has issued stocks in accordance with this Law shall not be more than 200% of its total assets less total liabilities, unless the Authority has obtained approval from the central authority with jurisdiction over the business of the company, and is not subject to the restrictions under Article 247 of the Company Law. E. Broadening the types of business operation of the securities businesses Article 15 was revised by adding "agency" and "other relevant businesses approved by the Authority" to the original types of business operation of underwriting, dealing, commissioning, and brokering. F. Lifting the limitation concerning the selling of securities by underwriters Article 80 was deleted and Article 75 was revised so that the limitation that the underwriters can sell the securities underwritten only through concentrated trading market or stock exchange offices was lifted, with the revision that new managing guidelines are to be drafted by the authorities. Consequently the authorities can apply the guidelines based upon the market need, to make securities sales accessible to the underwriters. G. Remove the improper restriction that the securities companies can make transactions with only one stock exchange corporation. Articles 106 and 131 were deleted to lift the limitation that securities companies can enter transactions with only one stock exchange corporation, thus expediting the internationalization of the Taiwan securities market. 3. Merger of the Financial Institutions The Financial Institution Merger Act was passed to expand the economic scopes of financial institutions, increase their operating efficiency, and maintain a proper competitive environment; whereby the asset managing institutions that purchase the irrecoverable loans, the merger between foreign and domestic financial institutions are all regulated. Other financial statutes and guidelines were also enacted to improve the financial environment in Taiwan. For example, financial and securities corporations are now permitted to invest the shares listed in the stock exchange or over-the-counter shares according to the legal ratios; the guidelines are revised concerning the open purchase of the shares listed in the stock exchange; it is not necessary for overseas Chinese or foreign nationals to report to the authorities of securities concerning the additional merchandise transactions out of the issuance of domestic company shares. Moreover, the Investor Protection Act and Financial Share-Holding Act are already being discussed. As a result, after the completion of the financial environment overhaul, Taiwan in the near future is expected to become one of the financial powerhouses in Asia and the world.

Principal Taxes:

There are sixteen types of taxes levied in Taiwan. According to Articles 8 and 12 of the Financial Income and Expenditure Division Act, these taxes can be classified into three categories: A. National taxes: 1. Income tax: including profit-seeking enterprise income tax and individual consolidated income tax. 2. Estate and gift tax: levied according to the Estate and Gift Act. 3. Business tax: imposed on profit-seeking private or conglomerate businesses, whereby goods and services are sold and goods are imported. 4. Customs duties: the import tax on imported goods from abroad. 5. Commodity tax: taxes on taxable goods based upon the Commodity Tax Act. 6. Liquor and cigarette tax: levied during transporting from the factory for domestic-produced liquor and cigarette products and during importation for imported liquor and cigarette products. 7. Securities transaction tax: levied on securities transactions except for bonds issued by all levels of government. 8. Futures transaction tax: levied on share price index futures, share price index futures options, or share price options. 9. Mine concession tax. B. Provincial (city) and prefecture (municipal) taxes 1. Land tax: including agricultural land tax, land value tax, and land value increment tax. 2. House tax: levied on all kinds of houses attached to the land, and other constructions that increase the value of such houses. 3. Stamp tax: levied on all types of certifications completed in R.O.C. 4. Deed tax: levied on deeds from real estate transfers. 5. Vehicle license tax: levied on licenses of all kinds of vehicles. 6. Amusement tax: levied on prices of tickets or fees collected by amusement businesses. 7. Special tax: consented to by local assemblies based on local needs.

Associated Power:

Mainland China, the United States and Japan

Citizenship:

Chinese, (Taiwan is a sub-jurisdictional autonomy of the People's Republic of China; however they have their own passports.) After the Democratic Progressive Party (DPP) won the election of presidency, people of the island are more aware of their identity as "Taiwanese" rather than "Chinese", instead they would refer "Chinese" are the people from Mainland China, even though Taiwan is not recognized as a sovereign state by majority of the countries in the world. However there is a large group of people would consider themselves as "Chinese" from Taiwan. Many think, after all, the Taiwanese and mainland Chinese share the same culture and their roots originated from the mainland. It's complicated and very vague even among many islanders themselves.

Paradiplomacy:

The Asian-Pacific Economic Cooperation (APEC), Asian Development Bank (AsDB), International Code Council (ICC), International Confederation Free Trade Union (ICFTU), International Committee for Radionuclide Metrology (ICRM), International Red Cross and Red Crescent Movement (IFRC), International Olympic Committee (IOC), (World Confederation of Labour) WCL, (World Trade Organization) WTO

HUMAN RESOURCES

Population Year 2002 2005 Population 22,520,776 22,894,384 Age of Population: Year 2005 (July) Male Female 0-14 19.7% 2,349,077 2,156,755 15-24 70.7% 8,205,933 7,980,056 25-49 50-64 65 and up 9.6% 1,107,708 1,094,855

Island	Area (km sq.)	Population	% of Total Population
Taiwan	35,980	22,858,872	%

Population:	
Year	Resident Population

Age of Population:	0-14	15-24	25-49	50-64	65 and up
2005	4505832	0	0	0	2,202,563

Migration:



Crude Birth Rate:	
2007	0.897%

Life Expectancy:

Life Expectancy: Life Expectancy Year 2002 2005 (July) Average 75.87 77.26 Males 73.22 74.49 Females 78.94 80.28

Crude Death Rate:	
2007	0.654%

Ethnicity:

Taiwanese (including Hakka) 84%, mainland Chinese 14%, aborigine 2%

Class Division:

Those who master both Chinese and English language tend to have more opportunities for better career. Labour intensive workers seem to be at lower classes of the society compare with those who are knowledge oriented.

Languages:

Mandarin Chinese (official), Taiwanese (Min), Hakka dialects

Religion:

Mixture of Buddhist, Confucian, and Taoist 93%, Christian 4.5%, other 2.5%

Literacy:

96.1% (2003)

Education System:

Nine years of education has been compulsory since 1968, and there is a wide range of other educational options for citizens of all ages. In 1982, the Compulsory School Attendance Act was revised to state that parents or guardians of children between 6 and 15 are obliged to send them to school or be subjected to fines and other penalties. To enforce this statute, the Compulsory Attendance Committee was set up at different levels of local governments. In 2002, the net enrollment rate of elementary students eligible for universal public education was 99.99 percent. Almost all children eligible to begin the first year of elementary school were enrolled that year, as required by the government. Also that year, 99.70 percent of all elementary school graduates went on to junior high, and 99.48 percent of all junior high school graduates continued their studies. Over the last decade, Taiwan's educational development focused on higher education. Some 31.50 percent of the education budget was allocated for 1,240,292 students (23.07 percent of the total student population) in the higher education system, whereas 57.81 percent was spent on the 3,597,993 elementary and junior high students (66.92 percent of the total student population) in the compulsory education system for the 2002 fiscal year. For the 2002 fiscal year, government spending for education exceeded NT\$608.63 billion, or about 6.09 percent of the GNP, with 4.39 percent allocated for public schools and 1.71 percent for private ones. Total Pre-Schools (2003): 3,306 preschools (1,358 were public schools, and the remaining 1,948 were private) Total Primary Schools: 2,638 First Level: information not applicable, Second Level: ibid Third Level: ibid Total Secondary Schools: 720 junior high, 308 senior high Total Professional Schools: 164 Universities: 67 universities, Student Enrollment: By Type of Educational and Training Institution: 2003 Pre-School 240,923 Primary School 1,912,791 Secondary School 1,350,974 Prof. 325,996 University 730,799 Teachers by Type of Educational and Training Institution 2003 Pre-School 21,251 Primary School 793 Secondary School 81,965 Prof. 15,771 University 29,105

Total Pre-schools:()	
Total Primary Schools	
First Level:	
Second Level:	
Third Level:	
Total Secondary Schools:	
Total Professional Schools	
Universities:	

Number of Schools per Island:										
	Pre-school		Elementary			High-school		Prof.	University	
	Pub	Priv	1	2	3	Pub	Priv		Pub	Priv

Students Enrolled:					
Year:	Pre-School	Elementary	High-school	Prof.	University

Teachers							
Year	Pre-School	Elementary			High-School	Prof.	University
		1	2	3			

Medical Services:

Taiwan's National Health Insurance (NHI) Program was established in 1995 in order to provide affordable, good quality health coverage to all citizens. Previously, three different insurance systems were in effect, offering nearly a dozen different insurance programs. These programs were only available to labor, government, and agricultural workers and in total, only about 60 percent of the country's total population was covered by health insurance, leaving 8.5 million people uninsured, mostly school age children and the retired. Today, the NHI, which is overseen by Taiwan's Department of Health (DOH), is a mandatory insurance system. All Taiwanese citizens are required to join the program; foreigners with Taiwan resident permits and their dependents are also eligible for enrollment. The Bureau of National Health Insurance (BNHI), the DOH agency that administers NHI, is required by law to become economically self-sufficient. To discourage abuse of the system, BNHI distributes benefits on a fee-for-services basis, and beneficiaries must participate in a co-payment program. Some key NHI Program Features: 1. Medical Services: BNHI's branch offices and clinical centers are located throughout the island, to provide greater access to its services. In addition, NHI benefits include outpatient and inpatient care, dental services, Chinese medicine, hospitalization, home care, preventive services and prescription drugs—the most comprehensive health insurance on the market. 2. Premiums Employees, employers, and the government pay premiums on a monthly basis to BNHI, based on the employee's reported income. After May 1998, this income percentage was fixed at 4.25 percent. 3. Medical Expense Payment Methods BNHI pays medical expenses on a fee-for-services basis. The fees are decided under different methods, some services and procedures paid on a point system, others on a per-case basis (such as hemodialysis, vaginal deliveries and Cesarean sections). NHI covers more than 5,280 medical devices, with prices set based upon hospital recommendations. Medical Services key indicators Physicians (per 1,000 persons) Hospital beds (per 1,000 persons) 2002 1.58 5.92

HISTORY AND CULTURE

History:

Chinese settlers occupied Taiwan from the 7th century. Large number of farmers migrated to the island from mainland China during 1403-1424. The Portuguese, who had named the island Isla Formosa or "beautiful island", colonized it in 1624 for 38 years, when Zheng of the Ming dynasty defeated them in 1662. Zheng remained in Taiwan after the war as a self-styled Ming Loyalist, since the fall of the Ming dynasty in the same year. The new successor of the Ming dynasty, Qing, defeated Zheng's kingdom in 1683, and placed Taiwan under the jurisdiction of the Fujian province of China. In 1895, Japan seized the territory; China regained the island after World War II upon the defeat of the Japanese during the war. In 1949, the Communist Party found the People's Republic of China on the mainland, and declared that it is the sole legitimate government of China, including Taiwan. The island became the refuge where the Nationalists retreated when they lost the war against the Communist Party.

Referenda:

Since the lifting of martial law in 1987, Taiwan has moved rapidly toward full democracy. Elections for important posts in the government are held regularly, political parties have matured, and people actively participate in elections. The people of Taiwan now have greater control over affairs of state than ever before. On March 20, 2004, Taiwan's first ever national referendum, known as Peace Referendum, was held along with the presidential election. Eligible citizens were asked on the first question whether Taiwan should acquire more advanced anti-missile weapons to strengthen the nation's defensive capabilities. A "yes" vote was given by 6,511,216 voters with 581,413 others answering "no." the second question inquired whether Taiwan should seek talks with China on the establishment of a "peace and stability" framework for cross-strait interaction. Some 6,319,663 voters were for the idea and 545,911 voters were against it. Both questions received responses from less than the required 50 percent of voters and were therefore rendered void. Average turnout rates in Taiwan's elections are around 70 percent of eligible voters. Voting eligibility is defined broadly: the minimum voting age is 20, and there is no gender priority, or educational requirements. Voter registration is automatic. The government notifies citizens of all impending elections through the distribution of a bulletin or gazette that identifies and describes all candidates and their platforms for every district.

Recent Significant Events:

With the happening of the severe acute respiratory syndrome (SARS) in 2003, death figure of 84, Taiwan's industries hit hard by this epidemic, the hardest hit industries include airlines, tourism, catering, leisure, transportation, and the retail sector. In the second quarter of 2003, domestic economy turning to a negative growth of 0.1 percent. A cabinet-level SARS taskforce was formed to monitor the epidemic's potential impact, and many anti-SARS precautionary measures were taken, including provision of a US\$1.44 billion SARS prevention and relief budget. Furthermore, the proposed Program to Expand Public Infrastructure for Economic Revival and Program of Public Service to Expand Employment also provided US\$1.68 billion and US\$575 million respectively to help ease the impact of SARS. About 58,000 businesses (some 404,000 individuals) in tourist and passenger transportation industries have benefited from the funding. Taiwan's accession to the World Trade Organization (WTO) in January 2002 creates new opportunities for growth by providing wider access to global markets.

Music, Dance, Handicraft and Patrimony:

Taiwan is enriched by the cultures of 12 indigenous peoples—the Amis, Atayal, Bunun, Kavalan, Paiwan, Pinuyumayan, Rukai, Saisiyat, Thao, Truku, Tsou, and Yami. Arts such as woodcarving, weaving, basketry, as well as ceremonial dances and songs, have long played a central role in indigenous life, with each ethnicity developing its own distinct artistic style. Recent years have seen a growing interest in developing indigenous arts. Researchers and tribal members have both been involved in a number of projects, such as recording the songs and dances of indigenous peoples. The government is also making efforts to promote tribal culture. In the last few years, the Council for Cultural Affairs' (CCA) annual National Festival of Culture and Arts has included performances, exhibitions, and seminars on indigenous arts. In 2003, the CCA subsidized awards for short stories about the indigenous peoples. Dance and music are perhaps the richest legacies of Taiwan's native peoples. Communal dances, performed at regular ceremonies and rituals, consist mostly of simple but harmonious walking and foot-stomping movements, often performed in unison and accompanied by melodic choruses. Indigenous dance rituals usually go on for several days and are performed in connection with specific customs or legends. The Yami perform rituals every year to mark the launching of new boats and to celebrate the season of the flying fish, one of their staple foods. Even more than dance, indigenous music is intimately connected to nearly every aspect of tribal life, from daily chores to religious rites. The songs are divided into four groups, according to theme: harvests, daily work, love, and tribal legends. While handicrafts such as paper cutting, knotting, and dough sculpture continue to be fairly common in Taiwan, other apprentice-oriented folk arts are struggling to survive. Traditional performing arts—such as puppetry, dragon and lion dances, folk dance, folk opera, and traditional acrobatics—have a tough time competing with TV, movies, and other modern-day activities. There are also many more patrimonies in Taiwan, for example, the temple arts, woodblock printing, puppetry, seal carving, ceramics, and Taiwanese opera and so on.

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