

# Chinese Taipei

**1. In which areas of structural reforms have the most significant progress been made in your economy in the past five years? Please describe in what way you think the progress has been significant? Any structural reform activity can be included here, and does not necessarily need to be restricted to the five LAISR themes.**

Chinese Taipei has made significance progress in the following areas for SR:

In the area of Regulatory Reform, Chinese Taipei embarked on institutional reform early in the mid-1980s. During the subsequent period, the government revised the Securities and Exchange Act and adopted a new labour retirement pension system, substantially improving the efficiency of its capital and labour markets. Since 2008, Chinese Taipei has designated deregulation as a key task of legal reform. The government has set up a rolling deregulation mechanism, operating on a two-way bottom-up and top-down basis, aimed at loosening and rationally adjusting inappropriately restrictive measures. As of September 2009, Chinese Taipei had completed 385 items of deregulation concerning financial and economic matters. These included: opening Chinese Taipei to investment from mainland China; easing entry and exit restrictions for foreign nationals; lowering taxes on estate, gift, commodity, business income, and individual income; allowing Hong Kong ETFs to be listed in Chinese Taipei; cancelling the minimum capital requirement for company registration; and abolishing the uniform certification system for profit-seeking enterprises.

In the area of Public Sector Governance, Chinese Taipei has been actively promoting public sector governance and achieved significant results in terms of increasing government efficiency, public participation, and government transparency. Specific practices include: (1) Continuously promoting government reform, and enhancing a horizontal and vertical coordination and integration to strengthen our government's strategic thinking capabilities and efficiency; (2) Toward increasing public participation, our executive agencies not only conduct studies on public participation mechanisms and promote citizen conferences, but also use public opinion surveys, online interactive platforms and other channels in order to understand public opinions while establishing major policies; (3) The government is committed to creating a government information disclosure platform so as to increase information transparency. The Freedom of Government Information Law was promulgated in 2005, stipulating that all government administration plans, budget and final account reports, function statistics, research reports, procurement contracts, and other information about government functions be disclosed. Our government accepts public applications for such information and provides relevant documents in accordance with laws and regulations, in order to achieve the goal of a transparent government.

Competition policies and laws are an important element of economic reforms in Chinese Taipei with its increasing emphasis on market-driven mechanisms. To achieve the goal of enhancing economic efficiency and consumer welfare, Chinese Taipei has adopted different approaches, which includes vigorous enforcement of competition laws and regulations, introducing the "OECD Competition Assessment Toolkit" so as to assist government agencies in evaluating the competition impact within laws and regulations, issuing enforcement guidelines for particular industries or sectors (e.g. Guidelines on Handling Merger Filings in 2006) so as to establish transparent and predictable standards and encourage law compliance as well.

In the area of Corporate Governance, in order to promote operations and management of the security investment trust and consulting industry, improve the market integration of assets management, and protect investors' interests, the Securities Investment Trust and Consulting Act and its relevant rules were enacted and went into effect on November 1, 2004. Also, to be in line with the international standards and to improve the quality of CPA practices, a comprehensive amendment to the Certified Public Accountant Act (CPA Act) was promulgated and went into effect on December 28, 2007. The key points of the amendments include: allowing the establishment of the CPA firm with the status of a legal person; introducing the CPA professional indemnity insurance; enhancing the self-disciplinary function of the CPA profession; strengthening the CPA independence; and improving the supervision of CPA firms.

**2. Describe examples of successful reforms and lessons learned in your economy in implementing structural reforms in the five LAISR areas. Please indicate relevant websites or other reference material, preferably those written in English.**

In the area of Regulatory Reform, to create a friendly business-operating environment, Chinese Taipei has been putting great efforts into economic and financial deregulation, by using the World Bank's *Ease of Doing Business* report as reference for domestic reform and international comparison, and has already yielded notable results. We have worked actively to streamline administrative procedures and abolish the minimum capital requirement for setting up a business. For starting a new business, the number of the application procedures has now been reduced to just six, the time required for completion slashed to 23 days, and start-up costs cut to 3.9 percent of per capita income, significantly enhancing Chinese Taipei's ranking in the World Bank's *Doing Business 2010* report. For more details, please refer to the following website:

<http://www.cepd.gov.tw/encontent/m1.aspx?SNo=0000082&view=0>

In the area of Public Sector Governance, two successful examples are provided here. One is the construction of the Government Project Management Network (GPMnet) in 2006, which establishes a comprehensive knowledge management system for government programs covering program management, control and evaluation information disclosure, and decision support functions and represents a cornerstone for good governance. The other is the "Government Portal, My e-Gov" (<http://english.www.gov.tw>), which integrates the Internet resources of all government agencies and provide electronic forms, agency news, events, publications, online payments, tax filing and other high-quality online government services and increase public participation by developing government blogs for soliciting public opinions in all areas of public policies.

In the area of Competition Policy, to enhance public awareness Chinese Taipei has been promoting the concept of fair trade through a diverse range of channels, including promotion conferences, training courses, publishing bilingual newsletters, as well as establishing the Competition Policy Information Research Center, etc. In 2007, a three-year plan was set up to review government regulations as a whole that may be harmful to competition for the purpose of building a more proactive competition culture. Please refer to the following websites for further info:

<http://www.ftc.gov.tw/internet/english/index.aspx>

<http://www.apeccp.org.tw>

In the area of Corporate Governance, successful reforms include firstly the amendment of the Securities and Exchange Act in 2006, whose main points are (1) introducing independent directors system, (2) reinforcing the independence of directors and supervisors, (3) strengthening the responsibilities of companies' management for false financial reports, (4) emphasizing the responsibilities of the management team, and (5) improving transparency measures for information disclosure. Another example of good reform measures are the establishment of the Information Disclosure and Transparency Ranking System and Corporate Governance Framework Assessment System. The former publishes company ranking based on the latest publicly available information and the latter is to monitor the implementation of corporate governance of listed companies.

Examples of relevant websites include:

<http://www.sfi.org.tw/english/>

[http://www.sfi.org.tw/english/2008\\_Result.pdf](http://www.sfi.org.tw/english/2008_Result.pdf)

<http://www.cga.org.tw/index.php?content=english>

**3. What in your economy's experience are the keys to the success of reform? (e.g. leadership, institutional framework, communication strategy, consultation process) What are the factors, if any, that impeded reform? What lessons can we learn from your experience?**

For Chinese Taipei, key factors for the success of structural reform include high-level government support and commitment, effective inter-agency coordination and implementation mechanisms, and timely communication with the stakeholders concerned.

In the area of Regulatory Reform, at a Cabinet conference convened in 2008, "deregulation and reconstruction" were presented as the main axles of mid-term policy implementation, with deregulation to serve in creating a "new platform of competitiveness." This clearly demonstrated the government's commitment to pursuing reform. In the same year, to carry out deregulation efficiently and continuously, Chinese Taipei also set up a comprehensive coordination mechanism for deregulation, which combines calls for suggestions from the public and the private sector, evaluation of deregulation suggestions, policy-making models, supervision and evaluation. In addition, to help the government enhance the economic and financial legal environment, the Council for Economic and Planning Development (CEPD) has set up a web portal on the CEPD's website, which provides a fast and convenient channel for the general public and various experts to present their suggestions on deregulation through the Internet.

In the area of Public Sector Governance, in addition to the emphasis placed by our leaders in this regard, our achievements in implementing good public governance can be attributed to the designated agency responsible for this area. The Research, Development and Evaluation Commission acts as the facilitator for implementing high-quality governance measures and continuously promotes government efficiency, public participation, government transparency and other principles of good governance. The Taiwan Public Governance Research Center and Taiwan e-Governance Research Center were also established to conduct research and international exchanges and to boost communications among stakeholders so as to enhance the quality of public governance.

In the area of Corporate Governance, via the public consultation process, we are determined to resolve various issues concerned by gathering opinions from market players, collecting information regarding regulations and practices in other economies, and working through possible pressure from opponents as well.

In the area of Competition Policy, we maintain the importance of inter-agency coordination and efficient review of laws and regulations so as to minimize potential conflicts.

**4. What are the impacts, both positive and negative, of the reform on the economy and the flow of trade and investment? Please provide data or statistics where available.**

Structural reform has helped enhance productivity and promote economic growth, and also provided needed flexibility and adjustments that could boost trade and transnational investment so as to fully tap into the benefits of trade and investment liberalization.

In recent years, Chinese Taipei has carried out a broad range of administrative reforms to lower all kinds of taxes, streamline work permit, visa and residency procedures for foreign citizens, and so on. By enabling the freer cross-border movement of capital, goods, personnel and services, these reforms have been conducive to the growth of trade and investment. Statistical data shows that Chinese Taipei's foreign trade in 2008 (US\$496 billion) was 30 percent higher than in 2005 (US\$381 billion), and that average annual inward FDI from 2006 to 2008 (US\$12.4 billion) was more than triple its level from 2003 to 2005 (US\$3.8 billion).

In particular, in the area of Competition Policy, a representative study by Dr. Gee San & Dr. Changfa Lo analyzed 1992-1998 data to assess the impact of the implementation of the Fair Trade Law on Chinese Taipei's export competitiveness and foreign direct investment (FDI). The study indicates that the annual total number of decisions with sanctions made by FTC has a significantly positive impact on the flow of FDI to Chinese Taipei and the export competitiveness as well.

**5. In what ways can APEC better promote structural reform in the region? What would be some possible next steps beyond 2010 based on the achievement of the LAISR process?**

Through the years, APEC has accumulated significant achievements in promoting structural reform. To better promote structural reform in the region, we need to look up to the valuable experiences from international organizations such as the OECD and the EU for pursuit of excellence in this regard.

In view of the various changes and challenges being brought about by the recent global financial crisis and economic slowdown, the Asia-Pacific region might have to take advantage of this opportunity to reflect on their growth strategy for the foreseeable future. The pursuit of a more balanced, sustainable and inclusive growth pattern might be the solution. We need to ponder upon this policy theme further and explore the possible policy implications so as to figure out a feasible policy framework for implementation and cooperation within the APEC. On this front, we would like to once again refer to our previous inputs to the EC Chair Office with regards to the concept of IG as well as the SOM Chair's discussion paper at SOM2 (2009/SOM2/R/004).

As for the possible post-LAISR agenda for EC, Chinese Taipei would like to suggest a consolidation among the five existing structural reform priorities and the addition of major IG policy themes as follows:

1. Better regulatory environment

This would incorporate and better integrate themes of enhancing EoDB and regulatory reform in general; reducing administrative burdens; public sector governance; corporate governance; SELI; and competition policy etc. under one single roof by emphasizing the necessary interactions and repercussions among them so as to tackle various issues in a holistic manner.

2. Major IG policy themes, falling under the two broad categories of economic restructuring and social resilience, to be determined collectively within EC

This would be accomplished by Japan's host of the EC High Level Policy Round Table being scheduled in August 2010.