



2014

Southern Taiwan White Paper

南台灣白皮書



The Future Begins Today

未來始於今日



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FOREWORD

It is a pleasure to share my thoughts on this important volume on International Trade and Investment in Taiwan. This White Paper demonstrates the importance of international activities, to individuals, firms and countries; and it also highlights that one set of changes in an environment requires other changes to take place as well, in order to assist in the achievement of reduced conflict and increased collaboration.

The last few weeks have shown us how rapidly the international political climate can change. One might even think of the effect of the assassination of Archduke Franz Ferdinand of Austria in Sarajevo in 1914, an act which rapidly disengaged the links of existing globalization and family ties and led to World War I within months. One hundred years later, rapid deployments, demonization of the opposition, and strong words can lead to developments one does not wish to witness, but is powerless to stop. While the global business climate has not shone fully brightly in the past decades, it is perplexing how rapidly a good climate seems to be covered by grey clouds. This emphasizes the importance of the ongoing need to stand up for internationalization, help make globalization successful, and encourage links and communication between current and potential business partners. A cold shoulder in international business reduces mobility and might also result in substantial damage.

In the context of Trust Bridges, let me just add a few more comments. The exploration of and exposure to similar environments does matter in terms of collaboration and trust. My research on partnering graduates with a doctorate from a common institution has shown, for example, that such individuals have an instinctive 'like' for each other, are willing to move much more rapidly down the acquaintance curve, and experience a greater degree of comfort in conversation and planning. The reason for these benefits is not necessarily founded in the acknowledged expertise both possess. Rather, they are a consequence of knowing that there have been shared (sometimes even scared) experiences, ranging from having left the dissertation advisor unhappy to having woken up in mid-night and thinking vividly about a problem in the analysis. Knowing that your new acquaintance has had these occasions just as you had, builds instant and solid bridges of trust.

In the same context, we are working at Georgetown on the concept of 'curative' marketing, where we interpret marketing as a healing profession, which can make up for and help make good on past injuries and mistakes. Rather than simply blaming such errors on different conditions back then, we postulate that

international marketers can take the lead in making the world a better one since they know the target audience, they have the capability of approaching individuals analytically, and they have the insight to truly make a difference in making people feel better, physically, mentally and in the depth of their heart.

The race is on. The marketplace has become global and reverberates to all corners of the world. Global Marketing is an issue for all companies, even very small ones. There are no more protected industries which cannot be touched, just as there are fewer shrinking protected market places which can be explored. We share the experience of internationalization, which makes us brothers and sisters in aim and achievement. This white paper can be instrumental for your success. I urge you to read it and wish you well for your international business plans.

Michael R. Czinkota

Georgetown University

Washington D.C. March 24, 2014



Michael Czinkota teaches international business and trade in the Graduate School of Business at Georgetown University, where he also served as the chairman of the National Center for Export-Import Studies. Fluent in Spanish and German, he has held professorial appointments in Asia, Australia, Europe, and the Americas.

Dr. Czinkota served in the U.S. government during the Reagan and Bush Administrations. In the Bureau of Export Administration he was senior advisor for export controls. As Deputy Assistant Secretary of Commerce he was responsible for trade analysis and retaliatory actions. He also was head of the U.S. Delegation to the OECD Industry Committee in Paris.

His academic work has focused on export development strategies and the linkage between terrorism and international business. He has written widely in leading journals on the topic and teaches a graduate seminar on International Terrorism and Marketing. He was named as one of the top three contributors to the international business literature.

Dr. Czinkota has worked with the U.S. Department of State on terrorism preparedness and has testified before Congress on the topic. He is the author of *Mastering Global Markets* – which reflects the challenges of international management in a world of conflict and uncertainty. He also wrote two leading

college texts, International Marketing 8th edition and International Business, 7th edition.

Dr. Czinkota serves on the Global Advisory Board of the American Marketing Association, the Global Council of the American Management Association, and on the Board of Governors of the Academy of Marketing Science. He is a member of the American Council on Germany. For his work in international business and trade policy, he has been awarded honorary degrees from the Universidad del Pacifico in Peru and the Universidad Pontificia Madre y Maestra in the Dominican Republic. He was named a Distinguished Fellow of the Academy of Marketing Science and a Fellow of the Royal Society of Arts in the United Kingdom.

Dr. Czinkota serves on several corporate boards and has worked with corporations such as AT&T, IBM, GE, Nestle, and US WEST. He has advised the Executive Office of the President and the U.S. General Accountability Office on trade policy issues. He also serves as advisor to the United Nations and the World Trade Organization.

Dr. Czinkota was born and raised in Germany and educated in Austria, Scotland, Spain, and the United States. He studied law and business administration at the University of Erlangen-Nurnberg and was awarded a two-year Fulbright Scholarship. He holds an MBA in international business and a Ph.D. in logistics from The Ohio State University.

ACKNOWLEDGEMENTS

AmCham Kaohsiung is proud to publish its fifth annual White Paper in 2014. The outstanding response and support we received while creating it merits acknowledgement. In meetings with Kaohsiung, officials from many departments talked with AmCham Kaohsiung on current issues and projects. In a meeting with Mayor Lai's Tainan City Council, representatives from all city departments were in attendance and also issued a comprehensive report (in both Chinese and English) for their city. Pingtung County officials, representatives from the Southern Joint Services Branch of the Executive Yuan, Tourism and Economic Development Bureau staff, and the National Immigration Agency, Kaohsiung City First Special Operation Brigade (thanks again to Ms. Frances Lee in particular for providing immigration data and to the entire staff who hosted a most comprehensive meeting hosted by Director Yu Guang-Tzang), deserve our heartfelt thanks. Special thanks go out to the following people who shared their valuable time, wisdom and opinions at many times during the past several months. This edition of the White Paper could not have been written without them: Jean Shen (CAA); Yu Guang-Tzang (Director NIA); Liu Shih-feng and Lee Yung-te (KCG Deputy Mayors); Chern Jyuung-shiauu MOEA BOE); Dr. Jack Jan (NPIC); Yang Chiu-hsing (Minister without portfolio); Tsao Chi-hung (Pingtung Magistrate); Chung Chia-pin (Pingtung Deputy Magistrate); Lin Yen-ming (Pingtung Executive Secretary); Huang Shih-chou (MOEA); Gregory Harris; Bill Bryson and Don Shapiro (AmCham Taipei); Chen Tsung-yen (Director General Tainan City Government) and the entire Tainan City Council; Lin Fang-chun (Taiwan Importers & Exporters Chamber of Commerce); John Lu (Horizon Group); Joe Lynch (VEX); Joss Su and Henry Liu (advisors and friends). Each set aside time for related discussions and provided us with essential information and outstanding cooperation. We wish to express our appreciation and thanks to all of the officials, leaders, educators, entrepreneurs, groups and individuals who contributed. In addition, AmCham Kaohsiung members and friends contributed a great deal of time gathering information and offering their perspectives based on their own related industries. We would also like to express our appreciation and thanks to the American Institute in Taiwan (AIT), both in Taipei and Kaohsiung, for all their tireless efforts and support in facilitating this and all of our projects. We would like to thank our colleagues at AmCham Taipei for their 60+ years of excellence and their outstanding demonstration as role model. AmCham Kaohsiung would also like to thank Ms. Alison Yang for helping so much in arranging meetings, taking care of day-to-day activities and getting the never-ending flow of Chinese information translated into English. Our sincere thanks go to Ms. Barbara Shen who, as always, provides us with unsurpassed Chinese translation for our White Paper. Thanks to all of you who took the time and made the effort to get involved and share your opinions, expertise and experiences for the sake of a better future in southern Taiwan.

Although the Southern Taiwan White Paper represents the immediate business interests of AmCham Kaohsiung members and the local business community, its ultimate goal is to foster the upgrading of Taiwan's economic conditions to the benefit of both local and multinational businesses. The 2014 White Paper deals with issues that are critically important to creating a solid future growth for southern Taiwan. For the Taiwan public at large, it encourages the growth of a broad spectrum of high-quality goods and services to improve the quality of life for all Taiwan residents.

AmCham Kaohsiung's goal is to enhance understanding, communication, cooperation, and commitment as we all work for a better future. Thank you for your attention.

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INTRODUCTION

2013 was another notable year for southern Taiwan. With continuing efforts, greater development within each municipality is becoming realized; several significant projects are nearing completion, and many new development schemes are in works or about to get started. As the south continues in its transition into a cleaner, a more high-tech, a more service-oriented, a more tourist friendly, a more foreign investment friendly, a more international and internationally competitive destination, much progress has been achieved. Yet much work remains. Growth in today's world is increasingly difficult and evermore competitive. However, if we look hard, we will find opportunities hidden within those hard spots; if we strive for excellence, we will succeed in reaching a higher level; and if we understand our competition, we will also understand how we can better compete. AmCham K would like to acknowledge and commend all of the impressive efforts and improvements that have taken place here in southern Taiwan. The cooperation and mutual commitment of educators, government officials on both the local and central level, as well as business and community leaders has repeatedly demonstrated how by working together, we can accomplish amazing things. We applaud your tireless work!

We would also like to welcome three new US brands to Taiwan.

GAP, the US casual apparel retailer, is the latest global clothing brand to venture into Taiwan after Spain's Zara and Japan's Uniqlo. "We're excited to bring Gap's versatile, great fitting casual American style to Taiwan next year," Jeff Kirwan, Gap president of Greater China, said in a press release. The US firm plans to open a flagship store in downtown Taipei and an e-commerce site for the local market, according to the statement. The firm also plans to open the first store of its less expensive brand Old Navy in Shanghai, China, and an e-commerce site there in the first half of next year, the statement said. Gap operates 60 stores in 17 cities across China and Hong Kong, after entering the Chinese market in late 2010. We hope that GAP will also introduce Old Navy to Taiwan as well.

Krispy Kreme opened its first Taiwan store in December. This legendary American doughnut company was founded in North Carolina in 1937. Krispy Kreme now has outlets in the United States, Canada, Japan, South Korea, Thailand, Colombia and several other countries.

The third has not actually opened a store in Taiwan, but did perform an interesting test marketing "trial" up north. In-N-Out, the U.S. west coast exclusive fast-food burger chain surprised many in Taiwan by setting up shop in Taipei for a four-hour marketing campaign on March 11th, selling a limited number of burgers

(300) to lucky fans who learned of the event on Facebook. It is worth noting that the planned 4-hour timeframe for selling the 300 burgers turned out to be a little off as all 300 were sold in half that time; 300 burgers in 2 hours. In-N-Out Burger is found exclusively in the US. The privately held chain now has more than 250 restaurants in California, Arizona, Nevada, Utah and Texas. It has no stores outside the United States. We do hope that In-N-Out decides to expand into Taiwan.

Although they are only in Taipei at the time this report was published; we hope they will be here for the long haul (reminding them that Costco's success in Taiwan did not happen overnight, but took a lot of hard work and dedication), we anticipate their expansion to many locations around the island, and above all, we wish them great success in Taiwan. Regarding GAP, we hope that the marketing plan they will be following is decidedly different from that used by Marks & Spencer which resulted in quite a disappointing failure. It was the people of Taiwan that felt the disappointment as well as the sense that M & S had failed them by overpricing their merchandise. Having prices that were much higher than expected was one thing. However, the audacity of putting a sticker over the original tags that was (in most cases) double the original retail price, was insulting and exploitative was the most likely reason for their well-deserved failure. Let's hope that future endeavors into the Taiwan market are done more along the line of the Costco method of providing good value and quality while respecting the customer, and being willing to commit for a long-term relationship in Taiwan. We applaud the standards, ethics and corporate responsibility that have brought success and growth in Taiwan for Costco. They deserve the praise because they worked very hard to earn it.

With intensifying pressure and competition from around the world, improving the local economy and quality of life has never been so complex a task, or one so dependent on so many outside influences. The global economic crisis appears finally to be but a memory; but some difficult obstacles that affect us daily need time to resolve properly. In order to best position itself for a robust future, southern Taiwan needs to seriously focus on a number of issues in 2014, as it prepares for a major milestone coming in 2014. No one can argue the positive effect that came to Kaohsiung from hosting the 2009 World Games. It put development in the south on the fast track with the High Speed Rail, MRT, Kaohsiung Arena and Stadium, and so much more. It was no doubt, a defining time for Kaohsiung's transition into the future; a rebirth of sorts. This was its time to shine; to say "Hello" to the world through friendly competition and sportsmanship. 2014 will be another landmark year; however this time the focus will be on commerce. The May 2014 inaugural event for the brand new Kaohsiung International Convention & Exhibition (C&E) Center will be the Taiwan International Fastener Show, a 2-day event taking place on

April 14-15. Having this exhibition will provide a perfect experience for the new venue staff and organizers. It is also going to be a learning experience for the 2014 International Boat Show, which will take place in May. This event will feature vendors from around the world, and will highlight Taiwan's own world-class yachting industry, and is quite possibly the most ambitious commercial activity southern Taiwan has ever attempted. Almost immediately following the Yacht show will be the International Travel Fair. What cannot be overlooked is that these events will have a major impact on the future of not only southern Taiwan, but the entire island. It will affect tourism, service, finance and trade industries. The organizational work and preparations made in 2013 will have a direct impact on the success of this effort to introduce Kaohsiung to the world.

The end of 2013, and beginning of 2014, brought significant steps in trade and the relationship between Taiwan and the US. With Taiwan's inclusion into the US Visa Waiver Program, things are looking quite good for further exchanges in the Trade and Investment Framework Agreement (TIFA) talks. Stronger trade with the US is not only good for stimulating both economies and creating jobs, but it also sends a very strong signal to the world; that Taiwan is a valued and trusted partner, and that the largest economy in the world believes that there is good cause in working on raising the bar, when it comes to partnership with Taiwan. But it also does more, much more than that for Taiwan. By establishing a TIFA with the US, Taiwan becomes more attractive for foreign investment and relocation, and trade agreements with other countries become easier and more likely. With Taiwan working hard to join the TransPacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP), it is clear that the Taiwanese see these agreements as a major step in establishing stronger economic ties and building bridges through business.

Local airport, harbor and marina modernization and internationalization programs to make these facilities as environment-friendly and business-friendly as possible to the world are more important than ever. Transportation, tourism, foreign investment incentive packages and a series of development projects are continuing to form a more complete *and* competitive southern Taiwan, with the goal of firmly establishing southern Taiwan as a place where cargo is trans-shipped, people vacation, companies invest and corporate leaders and staff relocate, work and live, and where high-tech and clean energy manufacturing is among the expanding portfolios of Taiwan's southern cities. Towards this goal, the south has been keenly focused on improvements in these areas. Although there is much more to be done, Kaohsiung City deserves recognition for all their great work, as does the central government for their vital role in area development. Likewise attention to future needs in the Tainan region have yielded major improvements with no less ambitious development projects in planning or in works. Even though these two municipalities share many of the same challenges that come with recently merged city/county

environs and the need for evolution in their main economic engines, they still need to maintain historically important local characteristics and cultural richness while they modernize and expand. Pingtung County is also responding in a very proactive manner, having learned some harsh lessons from Typhoon Morakot, which devastated the area and forced a serious rethinking into how best to minimize the negative impact of future natural disasters.

For America, Taiwan can be the land of opportunity. With its continuing vibrant economy, and its focus on becoming a world leader in virtually everything it does, Taiwan represents a wealth of business needs, choices, and prospects for all forms of US business relationships, on every level. This includes the growing potential of Taiwan becoming the best gateway to China and Asia. Due to its geopolitical position, stability, democratic system governed by the rule of law, possessing the type of legal foundations and respect for Intellectual Property Rights, it should inspire confidence with US businesses. While at the same time, Taiwan has the historic, linguistic and cultural connections with its regional neighbors. Taiwan just might be the perfect middleman for Asian commerce.

With development and growth comes the need for more reliable, clean electricity. Taiwan's nuclear energy program has been around for years; reliable yes, but not without controversy. However, the March 2011 earthquake in Japan and tsunami that followed killed nearly 20,000 people and triggered the world's worst nuclear crisis in 25 years when the Fukushima-Daiichi nuclear plant was destroyed, leaking radiation into the sea and air. Nuclear safety in Taiwan has come under a microscope as well. The fourth nuclear power plant, still under construction, is the focus of fear, concern and protests. While there has been little proof that those fears or concerns are justified, the public needs to know that it is safe. Taiwan must look towards a possible future where nuclear energy plays a significantly different role in the island's energy profile than it does today.

Much of the future success in southern Taiwan rests squarely on two legs of support; the tourism and service industries, and clean, high-tech manufacturing. This puts unprecedented emphasis on the importance of educating today's students, and preparing them to be vital and productive members of tomorrow's workforce. Training and curriculum must be focused like never before on the future needs of the economy. With high-tech replacing many old ways of manufacturing, even jobs that were considered dirty manual labor are evolving into fully automated industries requiring technicians and engineers. The single biggest growth industry this century will most likely be in clean energy and improving the environment, requiring all forms of engineering, design, technical, installation and service personnel. Medical and legal professionals will be in higher demand as greater foreign investment in Taiwan brings new business opportunities in biomed-tech, nano-tech, mobile tech and computer tech that will result in new patents, products, methods and licensing.

On the tourism/service industry side, everyone from tour guides, drivers, restaurant staff, hotel staff, bankers, tourist attraction developers and staff, foreign franchises and so much more are needed. This will no doubt raise the level of global awareness of Taiwan and the requirement for Taiwan to communicate with the world. Since English is still the number one language for business, southern Taiwan needs to step up its game in training and integrating English more into daily life and education. In order for southern Taiwan to meet the needs of future business development, Japanese, English and Spanish are going to become more important when seeking new and greater opportunities. In all of this, it is the essential role of education to prepare the future workforce.

For southern Taiwan to fully realize its collective goals for the future, it must continue efforts to Connect, Communicate, Coordinate, Cooperate and Compete. Each aspect of developing the future needs to maintain this “5-C” policy. Each aspect of this white paper is interrelated, just like the communities in which we live. We must approach our future with a clear vision of the big picture, knowing that every single detail is fully dependent on the successful implementation of several programs, projects, initiatives, and the participation of a lot of people.

Throughout all the challenges and improvements, obstacles and developments happening in southern Taiwan, significant opportunities are available for entrepreneurs, national and multinational corporate leaders, and investors that should not be overlooked nor underestimated.

Brian Aiello

A handwritten signature in black ink, appearing to read 'Brian Aiello', with a stylized, cursive script.

Governor and Chair of the Energy Committee – AmCham Kaohsiung.

Have comments or questions? E-mail me at, brian.aiello@amchamkaohsiung.org .

This edition of the Southern Taiwan White Paper is published by the American Chamber of Commerce Kaohsiung (AmCham – K). It includes an overall assessment of Southern Taiwan’s business climate, a review of the current priority issues identified by the Chamber, as well as recommendations for each topic. The primary purposes of AmCham-Kaohsiung’s annual white paper are promoting understanding, providing information, and supporting advocacy. This document outlines suggestions to the Taiwan government and public on issues that have a significant impact on the business environment in southern Taiwan. It is also used to inform government officials, elected representatives, and other interested parties in the United States about Taiwan’s business climate.

This 2014 edition of the AmCham K White Paper has been written by Brian Aiello
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KEY RECOMMENDATIONS

2014 will certainly be a critical year for southern Taiwan's future as it will be in many respects something of a "coming out party". With many development projects either completed or nearly so, southern Taiwan must begin to take steps that will help to maximize the potential and provide the best possible return on investment.

- Southern Taiwan's Kaohsiung and Tainan Cities, and Pingtung County, need to ensure that the Four Cornerstones of future growth, stability and sustainability are in place and ready to support a healthy and robust economy. These cornerstones are **ACCESS** (by land, sea and air), **EDUCATION and TRAINING** (prepare the workforce of tomorrow who can meet the demands and challenges yet to come), **SOLID COMMERCIAL and INDUSTRIAL BASE** (high value added, high quality and innovative design and manufacturing), and **ENVIRONMENTAL RESPONSIBILITY** (continuing to clean up polluters while attracting new investment for cleaner water, air and ground).
- The upcoming **2014 International Boat Show** represents the highest profile commercial event ever for southern Taiwan. It will be preceded by the International Fastener Show and followed by the International Travelers Fair. This 1-2-3 punch represents a very good beginning for the brand new Convention Center. International Exhibitions, Trade Shows, Conferences and Symposiums are great events for drawing thousands of visitors from around the world to southern Taiwan. This will help to put southern Taiwan on the radar of clients, corporations, investors and tourists from around the globe. Proper resources are needed to ensure that these types of events are high-quality, high-value, high-interest, and high-relevance to current and emerging markets. Kaohsiung needs to become known as one of Asia's exhibition and trade show destinations, and supporting this industry is essential for success.
- The new **Kaohsiung Main Library** should consider stocking a large selection of books in English and Japanese in order to provide a broad reading experience for all residents and to attract more foreign investment and talent to the workforce, offering nourishment for the mind. An access portal is needed for information on how to donate books. The library also should establish a "Book Exchange" Program, whereby people can bring in books that are in good condition for credits to take out other books that are in the "Book Exchange" inventory. This can expand the variety of books and also increase the overall number of books that are in the library's inventory at no cost to the library for buying these books. This feature can be especially useful for transients or short-term residents (not to mention residents who are avid

readers), and can be done in a simple way with a card that would be given to those who participate in the exchange program.

- **Pop Music Center** - A web portal is needed for this venue to make sure the general public, as well as members of the arts can have easy access. An Artist Exchange should be added to the web portal to facilitate participation from local and regional artists to collaborate and work together.
- Venues such as **Kaohsiung's National Stadium** (formerly known as the World Games Stadium) need to be more fully utilized. A highly qualified and motivated event organizer who has a successful track record and the proper resources is needed. The location is world-class, so it deserves to have world-class events scheduled year round.
- **Cruise Ship Home Port** - The Chamber looks forward to the development of this project and as it begins to take shape; we will consider access, ground transportation, accommodations and nearby activities that will be needed to give cruise ship passengers a positive and memorable experience. No one is going to want to take a cruise to Kaohsiung if there are not enough memorable things to do once they arrive.
- **City planning** for Kaohsiung, Tainan, and Pingtung require different thinking consistent with the unique nature of each municipality and consistent with their respective vision of development. *Kaohsiung* is a former industrial powerhouse that needs to continue to become a clean, green, multi-faceted destination for travelers and business investment alike. Having hosted the 2009 World Games, Kaohsiung's progress has quite a head start on its neighboring communities. *Tainan* has a history steeped in spiritual culture that is still evident throughout the city today. It needs to develop quite carefully by attracting high-tech and green enterprises that complement its culture and historical sites. This is no easy task. Out of the three southwestern Taiwan municipalities, Tainan has the most difficult work to do. If it is to retain its history and culture, it must be quite creative in how it develops. Fortunately, Tainan is filled with creative people who are up to the task. *Pingtung* has perhaps the least complicated, but largest amount of work to do, in that it has the cleanest slate to work with. Devastation from the 2009 typhoon Morakot has almost left a blank sheet for development, albeit at a great loss that always comes from natural disasters. The county's agriculture/aquaculture based economy took a huge hit from the storm, which also taught a valuable lesson; rebuild in a way that will minimize future vulnerabilities. Develop solar, ecotourism, indigenous assets and add in a world-class international resort called Dapeng Bay, and you're in business. While the previous statements severely oversimplify the situation, what needs to be kept in mind is the importance of coordinating development so that it

complements surrounding areas and adds value overall. Make sure that all supporting infrastructure and businesses are planned into the future as well, so you don't end up with a paradise in the middle of nowhere that no one can easily travel to or from. Good city planning can save years of delays and millions of dollars. In order to realize your fullest potential in tourism and foreign investment, you need to make sure that foreigners who visit your areas come away with the feeling that, "I can't wait to come back again soon". "I want my family to experience all of this". "I can live and do business here".

- **Traffic Control** – needs a lot of attention. The various subsystems for traffic lights need to be fully integrated and synchronized. Provisions to resynchronize lights after both morning and evening rush hours are also needed. A fully coordinated 1-minute traffic light cycle as the normal time frame, with main roads having 2-minute green lights and 1-minute red lights which should be adequate for cross-traffic flow. The use of multi-colored LED arrows can eliminate the situations where signs written only in Chinese are causing problems for foreign residents. A pilot program should be designed and put into effect in the most heavily congested areas of Kaohsiung, Tainan and Pingtung to have no scooters. This type of pilot program can help to determine further options to enhance traffic movement, efficiency and safety.
- Taiwan needs to firmly establish its position as a **key facilitator and liaison** for business between western and Asian countries. Having a democratic government, respect for the rule of law and a business-friendly environment, Taiwan can be the best business hub in Asia.
- **Green energy** is a growth industry that will stimulate the economy, create jobs, and improve the image of Taiwan for decades to come. It is also an industry that is essential for our future health and survival. With lots of sunshine and available land, the solar industry should be right at home in Kaohsiung, Pingtung and Tainan alike. By developing this industry, solar power can also help to reduce southern Taiwan's carbon footprint. Recent changes by the central and local governments seem to indicate that there is a trend to make solar power more accessible for residential and commercial use. Through central and local government subsidies or financing, industry research programs and residential support, let's look towards the goal of solar (and small wind) devices for housing and LED lighting conversions for indoors. All government offices should be looking at renewables on the outside, and LED's throughout. Remember that there is a double benefit in doing this. Promoting new energy efficient technology is always most effective when there are demonstrations for potential clients to see. Using these technologies in government offices show a higher level of confidence and commitment. Advancements in wind and ocean power are also ideal for

Taiwan's geography and climate. Taiwan should also take a new look at geothermal because advancements make it possible to harvest cheap, clean energy without disrupting the beautiful scenery.

- Continue working at new **trade agreements**. The Trade and Services agreement between China and Taiwan, TIFA, TPP RCEP and ECFA, as well as recent FTAs with Singapore and New Zealand are solid signs of progress. A better job needs to be done in terms of public awareness into the details of these agreements, but the public also needs to be mindful that certain negotiations would not be possible if they are publicized during the negotiations (especially regarding duties and other pricing issues) and perhaps more importantly, when negotiations are done under the umbrella of organizations such as the WTO, all members must act in accordance with organizational standards, rules and ethics. This includes WTO member Taiwan.
- Organize more visits from American companies to southern Taiwan with coordination by government agencies such as **TAITRA, AIT, MOFA, MOEA, and AmCham**, for the purpose of discussing the great investment opportunities in the south. Developments in clean, high-tech industrial and science parks should be well-defined for potential investors.
- Continue efforts to enhance business development: having easy “**One-Stop-Shop**” access to comprehensive investment data is vital to attracting new opportunities into southern Taiwan. This information needs to create interest and “sell” the area(s). Steps need to be taken to improve its exposure by linking it to all city web sites and via online search engines. **MAKE IT INTERESTING!**
- Kudos to **Kaohsiung American School (KAS) and Morrison Academy** for the quality of education they offer and kudos to Mayor Chen for supporting these international schools! Both KAS and Morrison are expanding to meet the needs of the communities better.

EXECUTIVE SUMMARY

The Four Cornerstones of Southern Taiwan's Future

- **ACCESS** - Development of revenue generating industries requires **easy access by air, sea and land as well as through online portals**. Comprehensive and convenient choices in getting to Taiwan should include efficient arrival procedures whether by sea (Cruise Ships) or air (Commercial, Business or Private Jet). Growing demands on local transportation require continuing development and expansion of mass transit systems, smooth flowing traffic and adequate parking.
- **EDUCATION and TRAINING** - The sluggish global economic recovery, and especially the cooling economy in China will create new challenges and opportunities that will increase demands on **Taiwan's creativity and business abilities**. Taiwan's educational system needs to really step up its game while working with local and international companies so that brain drain can be minimized, and more students from abroad can be attracted to study and find work here. Taiwan will successfully position itself as the perfect hub for business to, from and in Asia if it can nurture and produce a broad array of well-prepared members of the workforce. A talented and efficient high-value workforce is a very important part of attracting and keeping the businesses that will help ensure that the island will be a world-leader for future generations to come.
- **SOLID COMMERCIAL and INDUSTRIAL BASE** - The continuing transition from Kaohsiung's traditional heavy industry manufacturing base; from Tainan's historic and spiritual foundation; and from Pingtung's agricultural economy to cleaner, higher-tech, tourism and service based economies will lead to real sustainable growth and robust economic stability. Expansion of renewable energy technologies, foreign investment, tourism, and corporate relocation to the south are common essentials.
- **ENVIRONMENTAL RESPONSIBILITY** - Make **traditional industries** vital community members by assisting in cleaning up while providing support and resources to assist upgrades.

TIFA, TPP, RCEP and ECFA

- The ongoing **TIFA** talks Between the US and Taiwan, expansion of the **ECFA** with a Trade and Services Agreement between Taiwan and the Mainland, the trade agreements between Taiwan and Singapore and New Zealand, are all very **positive steps for Taiwan**. Further adoption of international standards and protocols are needed in order to take better advantage of working through established protocols of the WTO. Taiwan needs to continue its work towards becoming an active member in the **Trans Pacific Partnership (TPP)** and **Regional Comprehensive Economic Partnership (RCEP)** while it seeks additional trade agreements abroad. The entrepreneurial spirit and creativity of the people in Taiwan is an amazingly strong force. Meanwhile, as the TPP and RCEP continue to be discussed, there must remain a focus to complete follow-up talks on the Economic Cooperation Framework Agreement signed between the two sides of the Taiwan Strait in 2010.
- Promoting “Made in Taiwan” **branding**, as a world leader, while getting an improved understanding and compliance with worldwide standards is even more important than ever before. Think “Made in Taiwan, Enjoyed Everywhere”. At the same time, Taiwan needs to forge new international partnerships in order to be more competitive in the global market. Mobile technology, clean energy innovation and creative positioning as the ideal gateway to Asia are primary items that need to be remembered when exploring any new business, partner, or investor. **Trust Bridges** need to be established and expanded in order for Taiwan companies to more efficiently grow business with the world. A Trust Bridge is a method by which companies can establish themselves as knowledgeable and in compliance with international standards, having high corporate responsibility and a good reputation in their home market. These Trust Bridges are an important benefit of cooperation through US and Taiwan Universities, which can act as the platform for which future business can prosper.

Providing Much Needed Resources and Support to the Silent Heroes

There are two agencies in Taiwan that have a major impact on tourism, foreign investment, and the economy in Taiwan. These are not the ones you are likely to think of first; not the Bureau of Economic Development, or the Tourism Bureau, or TAITRA or another group, although they all do a lot of important, good work. These two agencies are the **NIA** and **CAA**.

The **NIA (National Immigration Agency)** is responsible all things regarding foreigners in Taiwan. Visitors, potential investors, migrant workers, domestic help, and so many more people need the NIA to make sure that living and working in Taiwan is a positive, legal and safe experience. The National Immigration Agency has done so much in recent years to become more responsive and helpful, more efficient and clear. The improvements are both significant and easy to see. Taiwan is now a less confusing place to live and work in, and at the same time a place where persons are treated with kindness and understanding when they overstay or have problems. In addition, their work at eliminating human trafficking is commendable indeed. However, there are still areas in which services can be improved. In order to meet the needs of growth in tourism and foreign investment and talent, the NIA needs the proper facilities, equipment and man power to reach their own goals.

Another unsung hero of Taiwan's success is the **CAA (Civil Aeronautics Administration MOTC)**. Under the experienced eye of its Director General, the overwhelming workload of an ever-changing and complex industry is difficult on a good day and utterly nerve racking on those inevitable bad days. The CAA makes it possible for tourist and foreign investors to arrive here by air. Without the CAA, Taiwan might only be an island in the middle of nowhere that no one can get to.

Providing a Balanced Education

- Education and training is easily the **most important investment** in the successful future for southern Taiwan. Business, Government and Academia need to clearly assess the future needs of tomorrow's workforce. A large portion of corporate, government and academic shared responsibility should be devoted to achieving the following goals:
 - 1. Clearly understanding the needs of industry and commerce; corporate Taiwan needs to communicate clearly those needs and make sure that all the building blocks are in place to meet those needs when new members enter the workforce (**Make Sure Government and Academia know what is needed**);
 - 2. Knowing how the role of government will need to adapt and being able to meet future growth demands with a well-prepared staff and officials who can execute support programs so that both industry or commerce and academia are not hindered by outdated regulations or political bickering (**Ensure continuing Outreach with Educators and Businesses so that the government can provide well-placed and timely support**);

- 3. Preparing curriculum that most closely reflects what will be required by the future workforce (**Educators must provide the best environment possible where student talents and capabilities can be identified and nurtured**).
- Investment of time and resources in school systems and business partnerships would give businesses more say in how the future workforce is developed, give students a better chance of obtaining a job that fits their skill set, and give schools an understanding of area business human resource needs.
- Continue work at creating better communication with foreign educators whose native languages are being studied by tomorrow's workforce. Continue working with local schools and foreign teachers in order to more clearly understand what is best for students, and how to allow for more native English speakers to teach classes in all subjects to broaden the mindset of students and best prepare them for the future. Get foreign educators more involved in the development of new programs.
- Expand courses targeted at fostering the tourist industry: hotel and hospitality management, international cuisine, tour management, event management for concerts, and restaurant management.
- Project based learning and more comprehensive assessments of students should be employed. It is the development of persistence, attentiveness, and working with others that create a productive workforce when combined with cognitive skills.
- It is essential to encourage and support **international schools** if we want to have truly international cities. Private schools must continue their outstanding efforts to reach out to assist the community and the community needs to embrace private schools that are dedicated to being a positive partner in raising the children of southern Taiwan. Public and private schools have many programs, resources, staff, and ideas that can be **shared** and in doing so, will benefit all students. Working together for quality education for all students should be the call for all educators and governmental officials. High quality private schools help greatly to attract foreign companies and skilled talent, in addition to providing a jumping off point for Taiwan students seeking to continue their education abroad.

Energy and the Environment

- Renewable and sustainable energy will continue to dominate the domestic and global economy for decades to come. Taiwan must continue to seize this opportunity to be a **world leader in clean energy** so that it can exchange ideas and technologies with its friends, develop innovative solutions and export a better future to its neighbors. Southern Taiwan has ideal conditions for the development of many clean energy technologies, demo projects, and systems integration. As such, it should strive to research, invest, develop and market energy innovations that include not only new technologies, but also new ways to use existing tech in new and innovative ways.
- Nuclear energy has remained controversial since the earthquake and tsunami that affected Fukushima, Japan three years ago. Taiwan needs to look at all available options. Whether it intends to rely on nuclear in the future or not, a rapid shift in energy strategies would be extremely difficult at best and economically catastrophic at worst. Taiwan's future energy portfolio needs to be both broad in scope and well understood by the cross-section of its society. This includes **cutting edge nuclear technologies and alternatives**. Taiwan relies so heavily on nuclear energy, so it must proceed with caution of course, but also with an open mind for new scientific advances and hi-tech progress in nuclear and geothermal, carbon capture and sequestration, short and medium term benefits that can come from natural gas, developments and trends in both solar and wind, as well as work in tidal power. New data and computer models that can factor in the events from Fukushima can be helpful in creating new designs and systems. Energy safety and security are paramount, with cost also being an important factor. Taiwan can look at this challenge as a new opportunity. Work to become the model for clean, safe, reliable energy as an innovator and then market the technology. New possibilities using well-established energy technologies in new ways, and the novel integration of various different forms of energy production might provide new potential and possibilities where none existed just a few years ago.
- Balance clean energy development with tourism opportunities. The two industries should be in constant **communication** to ensure that negative environmental impact is minimized as growth in tourism increases. If done at its best, these industries can help each other. Eco-energy tourism; where persons from around the world come to see how new ways of integrating the

variety of energy production and conservation technologies come together to create real energy solutions and life styles that have a positive impact on the environment and economy.

Tourism

- Develop **high quality** tourism experiences, especially as the market is flooded with tourist groups from mainland China now. Look for ways to provide a value-added experience that will attract greater revenue to the island.
- As examples of tourism related news in recent months, in a Hilton Worldwide survey, Singaporeans voted Taiwan as “Favorite Culinary Destination” with over 2,700 leisure travelers from Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Singapore and Thailand surveyed. [Hotels.com](#) revealed on November 19th, 2013 that Taiwan is the destination offering the greatest value for bargain hunters for Christmas, as it topped the list of destinations where consumers can get the best value for money for their gifts. China is the top source of visitors to Taiwan, data released by Taiwan’s Ministry of the Interior showed. Taiwan posted a record 8,016,280 arrivals of non-residents last year, and 50.62 percent of the visits were made by Chinese residents, including those from Hong Kong and Macau, according to the ministry. Chinese visitors also posted the biggest increase in 2013, up 12.7 percent from the previous year, the ministry said.
- Taiwan needs to find ways to build on the good start in its young tourist industry by catering and attracting high-quality tourists and highlighting Taiwan as one of the best values in vacation destinations.
- Taiwan needs to continue developing a **tourism workforce** who can earn sustainable wages and enjoy a manageable work schedule. Tourism students should be utilized to conduct **surveys** at transportation hubs to gain more insight for the industry.
- Tourism is not only about the “tourist”. During the 2013 Asia Pacific City Summit (APCS), held in Kaohsiung, the feedback provided a most interesting set of trends. In general, all those foreigners who attended the summit were impressed with the City and its growth in environmental responsibility. Kudos to Kaohsiung. However, and perhaps more interesting was the feedback regarding those who volunteered for the event. Taiwan students

from around the island trained and prepared for this important event. And, they could not have been any better Ambassadors for Taiwan. Every single foreigner who attended the summit and was surveyed by this author, and there were hundreds, said without exception that the volunteers were all well-informed, polite, quite helpful, surprisingly capable at understanding any problem and dealing with it quickly and decisively, and always in the best positive frame of mind. Happy, helpful and heartwarming. There could be no better spokespersons for Taiwan, and there are numerous lessons to be learned from this event.

Business Development

- With the 2014 International Boat Show taking place in May 2014, we must hope that preparations have been completed and comprehensive; and we must identify all the good and the bad things that occur during the exhibition, and learn how not to repeat mistakes while expanding the things that went well. Fortunately, the Boat Show will be preceded by the International Fastener Show that will take place at the time this paper becomes publicly available, and should offer good experience that can be used at the Boat Show. Five days after this, the International Travel Fair opens making three major exhibitions within a five-week period. It is worth noting that the Kaohsiung City Council has sought to cut the budget for the Boat Show, putting its success in jeopardy. International exhibitions not only bring in revenue for a number of industries that participate in the exhibition, but also hotels, restaurants, shopping, etc. it is essential for Kaohsiung to put its best foot forward if it wants to attract the most desirable future events.
- We live in an **online and mobile** world. We need to not only continue to perfect our online information and presentation, but also make it mobile. Laptops, Ultrabooks, tablets and smartphones are everywhere and being used by more and more people each year. Tap into this potential market in the most efficient way possible; online and mobile apps for **Android**, **iOS** and **Windows** systems will ensure maximum accessibility. There are over 7 billion people in the world, 2.75 billion using the internet (up over 600 million from last year). Global smartphone users just passed 1 billion last year, but are expected to reach 1.75 billion by the end of 2014, with over 5 billion mobile phone users expected by 2017 according to eMarketer.com. According to

statisticbrain.com, there are over 1.3 billion active monthly users; What's App has 465 million monthly active users and 330 million daily users; Line claims to have over 300 million users; Instagram boasts over 150 million persons active each month, 16 billion photos shared and 55 million photos posted each day; and Skype claiming 300 million users. Clearly, if you want to reach the largest audience, online and mobile applications offer the best way.

The Big Picture

- Southern Taiwan must continue its efforts to firmly establish and maintain six (6) key advantages for attracting foreign investment:
 1. Excellent geographical position and logistics;
 2. Outstanding sea and airports with a natural advantage of good year-round weather;
 3. All-inclusive industry clusters;
 4. Abundant manpower supply;
 5. An extensive industry transportation network;
 6. Comprehensive necessities for foreign businessmen including excellent accommodations, restaurants, mass transit, and entertainment.

TOPICS

CENTRAL GOVERNMENT REPORT

I-Taiwan 12 Projects

Creating a new economic miracle with 12 priority public construction projects is the ambitious goal of what the central government has named the “I-Taiwan 12 Projects” initiative.

With a total investment of NT\$3.99 trillion (US\$133billion) over eight years, and an expected provision of 120,000 jobs per year, this central government program demonstrates Taiwan’s commitment to future growth and stability.

The central government in most development projects allocates the funds, however it is the local governments that shoulder the responsibility for ensuring that funding is used in the most productive manner and with the best results possible.

As such, the central hopes that Kaohsiung* will;

- a. Work towards better development of business tech;
- b. Take additional steps towards reducing local pollution and increasing the use of renewable energy;
- c. Aggressively work at attracting new and expanded foreign and private investment;
- d. Take steps to nurture and develop both the yacht and leisure industries;
- e. Work at restoring Kaohsiung Harbor’s Ranking which was 3rd in the world at its peak and currently 13th;
- f. Consideration for the feasibility of an Integrated Resort Area to be developed in the south (perhaps similar to IR Singapore in its approach);
- g. Find new ways of attracting Venture Capital to bolster funding of new business;
- h. To increase local attention on building and developing Tourism;
- i. Look at local government regulations to see where changes can help enhance growth.

*while the points noted here were specifically directed towards Kaohsiung, they can and should also apply to Tainan and Pingtung where appropriate.

The I-Taiwan 12 Project initiative

1. A Fast and Convenient Island-wide Transportation Network

(1) Metropolitan area MRT systems in northern, central, and southern Taiwan.

The northern Taiwan metropolitan MRT network: Connecting the Taipei MRT system to Tucheng, Sansia, Yingge, Wanhua, Jhonghe, Shulin, Ankeng, Sijhih, Danhai and elsewhere; interlinking with the Keelung-Taoyuan-Taipei railway; and with a regional light rail network for Shezi, Shihlin and Beitou.

The central Taiwan metropolitan MRT network: Connecting Taichung, Wurih, Changhua, Fengyuan, Wuci, Dali, Wufeng, Caotun, Nantou and elsewhere.

The southern Taiwan metropolitan MRT network: From Chiayi high-speed rail station to Chiayi market; Tainan MRT; extension of Kaohsiung MRT to Gangshan, Lujhu, Pingtung, and elsewhere; and continuation into the next phase of network construction.

(2) Grade separation of city railways in northern, central and southern Taiwan, and their transformation into short-haul rapid transit lines.

(3) Electrification and double tracking of Taiwan's eastern railway.

(4) Constructing the Hsinchu-Neiwan and Tainan-Shalun railway branch lines, and purchasing passenger cars for the eastern line.

(5) Integration of freeway and expressway systems.

2. Kaohsiung Free Trade Zone and Eco-Port

(1) Construction of Kaohsiung Port Intercontinental Container Terminal.

(2) Construction of an eco-park in the port zone and establishment of a marine technology and culture center.

(3) Redevelopment of Kaohsiung's Cijin district into a world-class marine amusement park.

(4) Redevelopment of the old port districts of Hamasing, Gushan and Lingya.

(5) Expansion of the goods storage and distribution facilities in Kaohsiung International Airport and improvement of traffic around the airport.

3. Taichung Asia-Pacific Sea and Air Logistics Hub

- (1) Construction of a transportation network between Taichung Port, Taichung Airport, the Central Taiwan Science Park and the Changhua Coast Industrial Park, to optimize Taichung's functioning as an Asia-Pacific Sea and Air Logistics Hub.
- (2) Expansion of Taichung Airport into the Central Taiwan International Airport and new construction of an air cargo terminal.
- (3) Setting up a special value-adding zone for goods storage, distribution, and processing.

4. Taoyuan International Air City

- (1) Implementing the Special Statute for Taoyuan International Air City, to develop Taoyuan International Airport into a 6,150-hectare Asia-Pacific International Air City.
- (2) Construction of Terminal 3 to be completed by 2018, to be followed by the construction of a fourth terminal, a third runway, etc.
- (3) Reconstruction of Terminal 1.
- (4) Comprehensive improvement of the Air City's connecting road and traffic system.

5. Intelligent Taiwan

(1) Manpower Cultivation strengthening language and IT education, eliminating the urban-rural and digital divides, and encouraging lifelong learning. Annually investing NT\$10 billion, for a total of NT\$80 billion over eight years, to provide free schooling in vocational high schools, and to improve the quality of teachers, facilities and curricula in technical colleges and vocational schools.

(2) Cultural and Creative Industries Enacting and implementing the Cultural and Creative Industry

Development Law; establishing specialized parks for cultural & creative and digital content industries; appropriating NT\$10 billion from the National Development Fund for VC investment in cultural & creative industry related companies; and allocating a sufficient budget to provide incentives and assistance for cultural & creative and digital content enterprises to conduct international marketing and participate in international exhibitions.

(3) Building Taiwan into the world's number one wireless broadband country. Extending the Taipei "wireless city" experience to all major urban areas in Taiwan through the comprehensive installation of wireless Internet facilities; and establishing a "wireless superhighway" to enable people in remote areas to enjoy the same broadband services as those in cities.

(4) Constructing intelligent transport systems and intelligent living environments. Creating and integrating intelligent transport management; applying intelligent technology to integrate land, air and sea transport; intelligentizing goods distribution; intelligentizing customs clearance; integrating and electronicizing ticketing; utilizing intelligent technology for medical care and security purposes; and intelligentizing monetary flows and electronic trade.

6. Industrial Innovation Corridors

(1) Developing an industrial innovation corridor encompassing Taipei County & City, Keelung and Yilan:

New construction of the Shilin Technology Park in Beitou, the Northern Taiwan General Technology Park in Keelung, a games and cultural industry park in Taipei County, and the Yilan Technology Park, to form an innovation corridor in conjunction with the existing Neihu Technology Park and Nankang Software Park.

(2) Developing an industrial innovation corridor encompassing Taoyuan, Hsinchu and Miaoli: Speeding up the development of the Taoyuan Aerospace Science Park, the Longtan and Jhunan 4th-phase extension of the Hsinchu Science Park, and the Tongluo National Defense Science Park; and building an international village to attract high-quality specialized talent from overseas.

(3) Developing an innovation corridor encompassing Taichung, Changhua and Nantou: Setting up the Changhua Base of the Central Taiwan Science Park, and establishing a central Taiwan branch of the Industrial Technology Research Institute (ITRI).

(4) Developing an innovation corridor encompassing Yunlin, Chiayi and Tainan: Developing agricultural biotech industries in the central to southern corridor of western Taiwan.

(5) Developing an innovation corridor encompassing Kaohsiung County & City, Pingtung and Penghu: Expanding the Kaohsiung Software Technology Park into an innovative technology R&D park; and setting up branches of the central

government's main research institutions, including ITRI and the Institute for Information Industry (III), in the park.

(6) Developing an innovation corridor encompassing Hualien and Taitung: Assisting Hualien County to set up a stone craft R&D innovation park; helping the development of a deep-sea water industry on the east coast; and assisting Taitung County to set up a deep-sea water industry development park.

7. Urban and Industrial Zone Renewal

(1) Northern Taiwan: Implementing the "Plan for the Historic Preservation and Redevelopment of the Heart of the Capital" to revitalize the functioning of the old heart of Taipei City; and planning the regeneration of Keelung's train station and harbor waterfront.

(2) Central Taiwan: Regenerating Jhongsing New Village as a cultural innovation and high-grade research center park; and redeveloping the site of Taichung-Shueinan Airport.

(3) Southern Taiwan: Carrying out the redevelopment of the port-area waterfront at the mouth of the Love River in Kaohsiung City.

(4) Carrying out the renewal and development of old industrial zones in northern, central and southern Taiwan.

(5) Building new high-speed rail stations at Nangang, Miaoli, Changhua and Yunlin, and developing designated station zones.

8. Farm Village Regeneration

Implementing the Farm Village Regeneration Act, with an allocated 10-year budget of NT\$150 billion (NT\$120 billion over 8 years), to carry out a farm village regeneration program benefiting 600,000 farm households in 4,000 rural communities; setting up a retirement mechanism for elderly farmers (with the government providing interest subsidies amounting to NT\$30 billion); promoting a "small landowner, big farmer" system, to encourage professional farmers to expand their farms and corporatize their farming operations; and under a system of grading and zoning management and rational feedback, releasing large tracts of unutilized farmland to enhance the efficiency of land utilization.

9. Coastal Regeneration

(1) Carrying out regular de-silting of fishing ports throughout Taiwan, transforming traditional fishing ports into modernized fishing ports catering equally to the fishing industry and to leisure and tourism, and relaxing restrictions on coastal pleasure-boat tourism.

(2) Soliciting international businesses to develop coastal scenic spots and build coastal living and holiday zones; developing cruise ship tourism, and promoting the inclusion of Kaohsiung, Keelung and Hualien ports in international cruise routes; and reviewing protection forests to release those not serving essential national security or ecological purposes, with a view to vitalizing the use of coastal land.

10. Green Forestation

Providing a forestation subsidy of NT\$120,000 per hectare per year, for the planting of forest cover over 60,000 hectares of lowland within eight years; and establishing three large 1,000-hectare forest recreation areas in central and southern Taiwan.

11. Flood Prevention and Water Management

(1) Comprehensively reviewing the 8-year, NT\$116 billion flood prevention and water management plan, strengthening its implementation and evaluation, and increasing its budget if necessary.

(2) Drafting, enacting and implementing the Special Act for the Management of the Gaoping River, with the allocation of special funding to alleviate the Gaoping River's flooding and pollution problems.

(3) Strengthening groundwater replenishment to effectively ameliorate land subsidence; implementing comprehensive watershed management and disaster prevention planning; and demarcating debris-flow hazard areas and environmentally sensitive areas, and setting up a debris flow monitoring and forecasting system.

(4) Allocating a budget of NT\$50 billion for reconstructing indigenous people's homeland settlements and promoting national land conservation.

12. Sewer Construction

Investing NT\$30 billion per year in sewer construction, to raise the sewer connection rate by three percentage points each year; and stepping up the construction of small-

scale wastewater treatment systems in remote mountain areas, to safeguard the quality of water resources.

BUSINESS JET SERVICE

Taiwan's strategic location in the Asia-Pacific region gives Taiwan an advantage in a variety of ways, including the aviation industry.

Some background facts

The business aviation industry has generated significant political, economic, and social benefits for numerous developing and developed countries worldwide. In recent years, the business aviation industry has proven to be an emerging and rapidly growing market in Asia. Opening up the business aviation market in Taiwan would spike growth for the island, as the industry brings direct business prospects to local companies for aircraft maintenance, ground handling, aircraft catering, hospitality, and tourism. It will also help industries like Taiwan's excellent Yacht manufacturers to better cater to potential clients through high-level, luxurious and convenient access to their facilities which will result in more sales opportunities. In addition, it allows for better access to Taiwan by potential foreign investors who are in a position to create large scale funding for new business with Taiwan acting as the key hub in Asia.

On average, Hong Kong has around 4,500 private jet landings and takeoffs per year, while Taiwan only has 1,500. Taiwan's business aviation industry started in 2008. Unlike the mature market in Hong Kong, which is a renowned international financial center with less government control, and also enjoys a reputation as the freest economy in the world for 20 years, Hong Kong derives more demands for business aviation industry. These are what Taiwan should learn and make more efforts to in developing business aviation. For reference, the U.S. business aviation industry employs 1.2 million people, and annually contributes \$150 billion to the U.S. economic output.

In terms of cost, and using the Kaohsiung International Airport as an example, the total investment for improvements to the airport facility at KHH for private, business and charter jet service is estimated to be around 2 billion NTD. This includes hangars, fixed base operation (FBO) for private jets terminal, light maintenance for jets, etc. The required funding for such projects can be divided into two scenarios. One is to have 50% of funding from local Taiwanese companies, and

the remaining 50% from U.S. companies. As such, this would be a BOT project. The second scenario is to divide the cost three ways, 1/3 from local Taiwanese companies, 1/3 from U.S. companies, and 1/3 from government funding. KHH is separated into two terminals; international and domestic. The domestic terminal is grossly underutilized as a result of the successful use of the popular and convenient Taiwan High Speed Rail system. This is actually a good thing when it comes to the cost and timeframe requirements of redevelopment of the existing facilities for business jet use. This separate terminal configuration will also allow for better management of a business jet terminal.

The benefits of business aviation include flexibility, efficiency, privacy, convenience and security. Private jet charter services provide clients with the expediency of departing whenever they would like to, without any need to make connecting flights, the ability to fly into smaller airports, and greater convenience with regards to immigration and customs services as compared with standard commercial airline travelers. One further important aspect of business aviation in Taiwan is that it would offer direct flights to US and other destinations that are currently only available via connecting flights and their associated layovers. As was written in the 2013 Southern Taiwan White Paper, direct and convenient access to Taiwan from US Cities is an important key to developing and expanding business opportunities between American and Taiwan. This subject has also been raised in both the AmCham Taipei's 2013 White Paper by the Transportation Committee and the April edition of AmCham Taipei's Topics Magazine.

In situations where celebrities or otherwise notable people might cause disruption of normal airport operations due to the potential for a large media or public turnout, the added security of business travel can help keep normal operations running smoothly.

The clientele base for business jet service ranges from businessmen and diplomats to post-surgical clients, celebrities, and other travelers who now choose other destinations due to the inconvenience and delays that are unavoidable with traditional commercial airline services when flying to Taiwan.

Business jet service can also open up Taiwan's extraordinary culture, historic sites, leisure activities and natural beauty to travelers who have the means to spend more than perhaps any other demographic group during their visits to Taiwan. For industries such as our world class Yacht manufacturers, the added expense and inconvenience of having to meet customers in Singapore or Hong Kong for

deliveries certainly has a negative impact on their sales and profits. Potential investors are more likely to take a more serious look at Taiwan as a home for new industry development if they have convenient and efficient direct access to the island.

One additional point worth mentioning is that with the development of Free Trade Zones in key Taiwan locations, being able to provide business jet services in those areas will maximize opportunities by allowing premium access by some of the world's leading executives to the Taiwan market which enhances the attractiveness of FDI. Overall, business aviation opens up many opportunities that should not be underestimated or ignored.

Many people call Taiwan the "bulls-eye" of Asia, due to its ideal geographic location. The island has strong potential to become the main aviation hub for connecting flights in Asia. However, without a larger emphasis on business aviation and development of maintenance facilities here in Taiwan, Japan and Hong Kong will remain the main aviation hubs in Asia. We urge the Taiwan government to draw its attention to this issue as it relates to Taiwan's competitiveness within Asia, and to clarify the existing regulation to make business travel into and out of Taiwan with more ease, friendliness and convenience. This would create new and broad job opportunities in construction and related services in the air transportation industry, new revenue prospects in tourism, foreign direct investment and sales of high-end products made in Taiwan.

CAA

The CAA (Civil Aeronautics Administration) is one of Taiwan's unsung heroes.

Their workload is complex and ever-changing and they have to answer to the needs and demands of several government ministries, legislators and leaders, while addressing the needs of the general public. Civil aviation involves extremely complex and highly specialized aspects to ensure safe and reliable travel. Unlike other countries, the CAA is responsible not only for aviation safety and air navigation services, but also for traffic rights negotiations, airport construction, assisting in the development of aviation industry, and governing Free Trade Zones. Additionally, the CAA even has to do the land acquisition for Taoyuan's Aerotropolis, which is a flagship program for Taiwan's economic development. This raises the complexity and scope for CAA's affairs significantly. Hence, the CAA

must supplement efficient manpower respectively, so as to better cater to fast development of aviation industries.

On a very positive note, Taiwan attended the 2013 ICAO conference. It's the first time that the ICAO, a United Nations specialized agency, has ever invited Taiwan to participate in its activities since our country withdrew from the U.N. 42 years ago. Participating in ICAO is just a beginning; for achieving the same level of standards and quality in aviation safety and air navigation services with the world, the CAA must put more effort and resources in its participation of ICAO's regional and technical conferences, cultivating talents involved in international affairs, and actively cooperating with the world. The government needs to pay much more attention accordingly, and provide the CAA the necessary support.

The CAA staff was quite open to discuss any related topics and willing to work towards resolving issues related to promoting Business Jet Service in Taiwan.

Action Items:

1. Parking of business jets in KHH – is done. The CAA has given approval to this and work is continuing to have it put in place, with Business jets able to park at KHH immediately. Representatives from Business jet companies are asking for pre-approved visas for multiple entry by crew (or maybe fast online processing), and/or immediate entry via landing visas. The crews are expected to fly into and out of KHH several times each month and will be staying at local hotels. Since some flights will be done on short notice, it is hoped that a fast and simple method for entry into Taiwan can be done in order to have an efficient entry without delays or long waits. For passengers, who spend a lot of money on the flights and related shopping and accommodations while in country, speedy entry into Taiwan is a critical part of attracting more passengers.
2. Pre-approval for flights through the CAA was an idea raised during the meeting. According to regulations, the flights shall be applied to the CAA for approval two working days before the estimated departure date, and the CAA will examine the application as it is submitted. Compared with other Asian countries, this is the fastest response time. The idea of pre-approving flights was discussed, which would basically allow to the Business Jet Companies to register with the CAA, have all the company information on

file and ensure that all requirements were met and approved. Then, scheduled flights could be pre-approved, and unscheduled flight could be expedited. The CAA said they would do this as it was a very good idea, and is now considering to give the authorization to airports to shorten the approval time and process, and they would set a goal of approval time within hours for individual flights.

3. Boat show in May 2014 – we need to have some type of VIP program in place for the visitors that will attend the show who will travel using business and private jets. This will require efforts from at least 2 Taiwan government agencies; the CAA and NIA. Although many flights will be set up in advance, we can expect a number of last minute travel arrangements. These will need to be handled as quickly and efficiently as possible so that we can welcome those potential big buyers of yachts and related equipment. In addition, several manufacturers (both Taiwanese and foreign) will likely work to make arrangements for potential clients. These will be VIP travelers who will expect zero delays and full comfort. This means visa related issues must be handled in minutes, limousines and executive luxury ground transportation should be able to meet travelers when they disembark the airplanes and take them directly to their destinations. Under normal situations, passenger details will be made in advance by the company flying them in, a customs officer will board the airplane and provide the required paperwork/passport stamps with minimal delay and with the highest level of professionalism. In many cases, this will be the first impression these travelers will experience and remember. The more efficient, complete and friendly the service is, the more likely the travelers will return to Taiwan again and consider the island in future development and investment plans. It is worth remembering that Taiwan is new to this, and other countries are quite competitive in attracting this type of visitor. We cannot be successful if we cannot offer at least comparable service as other countries. The CAA expressed the hope that the Yacht manufacturers will sponsor visitors coming in for the show.
4. CAA is open to having biz jets coming in and out. Two things need to be done now. The first is to have the existing regulations amended by the legislature. This work is being done now by the CAA and their group of attorneys who are in the process of drafting new regulations. At the same time, the NIA needs to prepare so that they can support this growing industry and maximize revenue potential.

Competition from other countries that are very welcoming to foreign visitors, private and business jet service will be key in developing Taiwan's plans. The simplest method for a strong plan is to examine our competitors, see what their regulations and programs are, and work to adopt or adapt what works best into Taiwan's approach. Concerns about security and safety are of course very important. However, in other countries, regulations and experiences have been in place and evolving for years. Using as a model, the US strategy which always looks to be very strict in its methods of ensuring safety and security, it should not be difficult to find a Taiwan solution that meets international standards while providing a very warm welcome to foreign visitors and investors. Increasing foreign travel to and from Taiwan will require additional manpower and funding, but the revenue generated from this industry will more than compensate for the expenditure of resources.

NIA

Another unsung hero of Taiwan's future is the NIA. The National Immigration Agency has done so much in recent years to make life better for foreigners who choose to visit, study or live in Taiwan. What used to be a confusing and difficult task of renewing visas has been streamlined and simplified. The NIA is to be commended for all of their great work. With the pressure to increase tourism, attract new foreign investment and attract new talent and students to Taiwan, the resource of the NIA are really being stretched, and they need help. Outdated equipment, facilities that are in desperate need to renovation and a growing shortage of manpower make improvement and great service more difficult. From July 2014, the NIA will integrate the affairs of 4 corps (Service Affairs, Detention Affairs, First Specialized and Second Specialized Operation Corps) and divide into three new district divisions (Southern, Central and Northern District Divisions). Southern Affairs Division takes charge of 10 service centers, 12 specialized operation brigades, 1 detention Center within 8 cities: Yunlin County, Chiayi City, Chiayi County, Tainan City, Kaohsiung City, Pingtung County, Taitung County, Kinmen County. The Southern Affairs Division needs to move to a new office.

1. The present address of Southern Affairs Division is: 3th Floor, No.113, Liuhe 1st Rd., Xinxing Dist.
2. The reasons of requiring a new office:
 - a. Inadequate current space,
 - b. Current building is antiquated and below current safety standards,

- c. This building will be torn down and rebuilt in March 2015,
- d. The new facility will effectively be the face of the NIA, and therefore needs to provide an image of confidence, safety and being up to date.

The construction is scheduled to be completed in May 2018

The NIA is looking to use office space at the 7th to 9th floor of the Kaohsiung Taxation Administration building. Its good location and convenient transportation access make it a good choice for Immigrants and official business trips.

The scope of the NIA Southern Affairs;

1. Scope of business

A. Manage Immigration; B. Provide Immigration Guidance; C. Management of Illegal Immigrants (including Prevention, Crackdown, Detention, and Repatriation).

2. Goals

The NIA will provide care and guidance to new immigrants and help them to quickly adapt into Taiwan society and build a multi-cultural living environment together in the future.

The Chamber applauds their efforts and vision. Therefore, we recommend that sufficient resources are budgeted for the NIA so that they can continue to improve services and support.

As you can see from the information below, there are outstanding plans for the future that will require budgetary and equipment support.

NIA Report

- NIA publishing information as of Nov. 2013 (extracted from the website), Foreigners currently living in Kaohsiung, Tainan, Pingtung, respectively number 42,774, 39,550, 11,239.
- There are 189 staff members in NIA in Kaohsiung, including Service Center, International Airport, Harbor and Specialized Operation Brigade. (1 staff member per 226.3 foreign residents)
- There are 75 staff members in NIA in Tainan, only Service Center & Specialized Operation Brigade. (1 staff member per 527.3 foreign residents)

- There are 31 staff in NIA in Pingtung (1 staff member per 362.5 foreign residents)
- Comparison from Nov. 2011, 2012 and 2013 for three years Contemporaneous documents, the number of **Vietnamese** living in southern Taiwan are 17,687, 18,097, and 21,757 respectively which indicates gradual growth.
- In the same period, numbers of those from the **Philippines** living in southern Taiwan are 14,654, 17,018, and 18,659, are also growing.
- As for **Thailand**, the numbers are 11,767, 11,292, and 9,577, are decreasing in contrast.
- The numbers from **mainland China**, the majority of which is related to marriage of Mainlanders to Taiwanese, are 68,511, 70,359, and 72,119 respectively, showing steady year on year growth.
- In the comparison, the number of foreigners from **South America** living in southern Taiwan during the same period is 124, 117, and 96, which is decreasing gradually.
- In the same period, the number of resident from the **United States** is 1,180, 1,064, and 1,080, showing a slight decreasing trend.
- As for residents from **Europe**, the numbers are 802, 810, and 821, showing the slight growth trend.
- The total numbers of foreign residents from countries not mentioned above, living in southern Taiwan are 33,366, 37,567, and 41,573, indicating an increasing trend year by year.
- From the south of Yunlin County , to the north of Pingtung County operation division as the followings :
 - Service Affairs Corps: there are 8 service centers. Including Yunlin County, Chiayi County, Chiayi City, Tainan City first and second, Kaohsiung City first and second, and Pingtung County service center.
 - Special Affairs corps: there are 8 Specialize Operation Brigade. Including Yunlin County, Chiayi County, Chiayi City, Tainan City first and second, Kaohsiung city first and second, Pingtung County.

- Border Affairs corps:
Kaohsiung International Airport Brigade and Kaohsiung Border Affairs Brigade.
- Since the government continues to attract mainland and foreign tourists to travel in Taiwan in order to develop tourism-related industries and emphasize its policy of “Retention, Recruitment”, the number of visitors to Taiwan has increased steadily every year. However, based on NIA current office distribution in southern Taiwan, human resources (Staffing), hardware and software demands are increasing year on year, in order to meet the expanding workload.

Biggest challenges for NIA in the south

- Focus on prevention of human trafficking.
- Continue to promote sophisticated work ethics and standards.
- Control “internet child pornography”
- Working on addressing issues relating to the international concern about children's rights protection
- Investigation will focus on children sex trafficking,
- Seeking greater mutual cooperation between non-governmental organizations and the government using a domestic and public sector cooperation model. The judicial authorities and prosecutors need to strengthen investigation and trial and asked the relevant authorities to strengthen advocacy for the prevention of child porn networks, while continuing to build secure access mechanisms.
- At first Prevention-oriented. To integrate ministries and private resources and strengthen advocacy against human trafficking in order to raise awareness and understanding of this issue through multiple channels, and also strengthen the foreigner’s awareness of their rights.
- Secondly, we will arrange for professional training on prevention of trafficking related courses.
- To share successful experiences in the prevention of human trafficking, the immigration department on October 1, 2013 hosted the "2013 International

Workshop Combating Human Trafficking” to expand and enhance international cooperation in the prevention of human trafficking.

- Prevention of human trafficking requires more than a long-term sustained effort of international cooperation and the challenge is a need for a common concern. In 2014, Taiwan will continue to work together with the international community to defend fundamental human rights, the fight against human trafficking, and the implementation of the spirit of two human rights conventions. The fight for human rights in Taiwan is of great importance to the country, and continued as a model for Asian countries having retained a Tier-1 level for the past 4 years.

Biggest accomplishments from NIA in recent years

- An automatic inspection of the airport clearance system, formally launched in January 2013, eliminating the waiting time in customs for many foreign visitors. Many major airports in Europe, America and elsewhere, have gradually adopted biometric technology to accelerate the immigration process. The future of passenger clearance efficiency can also be greatly improved.
- Iris scanning, facial recognition and fingerprint matching; these are not science fiction movie, but the latest in airport clearance technology.
- For many tired frequent travelers, biometric technology to speed up the immigration process is a great boon.
- Currently, many of the world's major airports are involved in technology experiments. Travelers will no longer use boarding passes; instead using iris scan clearance. This technology can eliminate boarding gate waiting time since no need to line up to check tickets and passports. Automatic scanning systems will accurately verify identities and that the passenger is attempting to board the correct airplane.
- Customs officers will no longer need to do exit channel monitoring as passenger luggage will be automatically scanned. Washington DC Airport also uses similar biometric clearance techniques.
- Building a "Mainland, Hong Kong and Macao to Taiwan online application short-term management certification" system that will be applied to multinational business activities, education, trade, agriculture, transportation

and other applications to Taiwan; after a comprehensive review, will be adopted for an online application and send Certification Practice .

Recent Developments

- Dec. 30, 2013 revised version "People from Mainland China to Taiwan Permission Act". (The revisions covered a total of 56 articles)
- Dec. 30, 2013 revised version "Personal biometric data collection and utilization Act". (Articles 3 & 6)
- Jan. 2, 2014 revised version "Nationals without registered permanent residence to apply the settlement in Taiwan Act. "
- The notice of amendment "Foreigners apply the visiting, residence and permanent residence certificate Act". (Articles 8, 9 & 22)

- **Convenience for civilians**

Jan. 10, 2014 revised version "People from Mainland China to Taiwan to engage in the exchange of professional and business activities online application Notes " to serve the public directly to the online application.

- **National Torch Plan For New Immigrants**

From May, 2013 till now, we continue to promote progress, the proportion of new residents for each elementary school, and to provide appropriate subsidies to promote the new county and city residents and their children adapt to life, creating a multicultural society.

- **Verification of People from the Mainland China to Taiwan by free-visit.**

Policy: In response to the trend of tourists from mainland China to Taiwan, we formulate relevant regulations for the necessary elements in order to improve cross-strait economy.

Implementation: due to limited resources and the heavy work-load of low-level staffs, the NIA can only gradually enhance the stability of information systems and strengthen original equipment to improve efficacy and efficiency.

What does the NIA want the government, the general public & the foreign community to know or understand more clearly?

- **Advocacy in policies**

As a democratic country, before initiating any policy, Taiwan government confers and analyzes with professionals or non-governmental organizations in order to make its final decisions. Since both native and foreigners must comply with every policy once the government implements it, the NIA should reinforce advocacy, and help people to understand their rights and obligations in accordance with the implemented laws which concern them.

- **The effectiveness of prevention of human trafficking**

Although the Immigration Act is still undergoing development, the government has already included a chapter for victims of human trafficking into law, which clearly demonstrates our commitment to human rights advocates. Soon after the implementation of anti-trafficking law against criminals, there are more clear penalties.

In recent years, the Taiwan government has been a constant advocate and ongoing supporter to implement relevant provisions for the prevention of human trafficking, leading to not only being recognized internationally.

What does the NIA see as projects, programs and or goals it would like to achieve in the future?

- Law amendments: In response to trends, we will continue to amend the laws with the goal of achieving effectiveness and convenience for the public while fostering human rights.
- Actively, to improve existing information systems and equipment: to increase work efficiency.
- Continuously promoting Human Trafficking Prevention: Cooperate with international organizations to combat illegal groups.

Private Schools

In previous editions of our White Paper, we have discussed the many benefits of private schools in the Kaohsiung area. There are four private schools that service the Kaohsiung, Tainan, Pingtung area; I-Shou International School, the Dominican International School, Morrison Academy and Kaohsiung American School.

I-Shou International School is a private, coeducational, bilingual school, located near E-DA World. The school was founded in 2003 as a national private elementary school and became a World School in June 2010, authorized to teach three International Baccalaureate programs; PYP (Primary Years Program), MYP (Middle Years Program), and DP (Diploma Program). It is also accredited as an Elementary to Senior High Taiwan National School.

ISIS students participate in many sports teams including volleyball, soccer, softball, basketball, and cross country. ISIS competes in the TISSA sports league, which includes teams representing other international schools in Taiwan. The school's student base is approximately 90% Taiwanese, and there is no transition program to note. No parent organizations or social activities exist for parents within the school. This school seems best suited to local Taiwanese students. It is an IB school, although is not an accredited international school. The bilingual program of the primary school causes many parents concern about their child's language acquisition, although there are pathways for MOE education as well as the IB's MYP and DP in the junior and high schools.

Dominican International School Kaohsiung began in January 1954, with the Dominican Sisters tutoring two American children. During the fall of that year, the first Dominican Kindergarten School in Kaohsiung was established to cater to the growing number of children of American Navy Catholic families.

The school eventually grew to a primary school to accommodate an international student population in Southern Taiwan. The former name of the school was Assumption School.

During the General Chapter, the Council had decided that all schools owned by the Congregation of the Religious Missionaries of St. Dominic will be named Dominican School. Hence, the present institution is called DOMINICAN SCHOOL.

Dominican School is a Catholic private school which is under the administration of the Dominican Sisters of the Congregation of the Religious Missionaries of Saint

Dominic. The school is located in 107 Chung-Hwa 1st Road, Kaohsiung City. The Dominican International School Kaohsiung follows the principles and values of Catholic education. They offer a true education that aims at "the formation of the human person," who respects himself / herself and also the values of society. Their focus is on the character and it shows in the students and graduates of the school. They believe in letting each child be the best they can be and providing a caring Catholic environment. The school is open to all foreign students. Visitors to the school will encounter teachers from many different regions in Philippines and Africa. Dominican International School provides excellence in education to all students regardless of race, color and creed. Classes are kept small, so that teachers can provide focused attention to students in a student-centered environment.

The school was founded in 1957 and served as a US Department of Defense contract school until the termination of diplomatic relations between the United States and the Republic of China in 1979. Dominican International School educates students from Kindergarten to Grade 12, including Advanced Placement. The modified American curriculum includes courses in Christian Living.

Kaohsiung American School, established in 1989, (KAS) is a private, non-profit, Pre-K to Grade 12 institution offering a college preparatory program leading to a US high school diploma. KAS is an International Baccalaureate (IB) World School, accredited by the Western Association of Schools and Colleges (WASC), and a member of the Association of China and Mongolia International Schools (ACAMIS), the East Asia Regional Council of Schools (EARCOS), and the Council of International School (CIS). The high school staff includes 20 classroom teachers, the majority of whom are from the USA and Canada. The 240 high school students (9-12) represent over 15 countries, including the USA, Taiwan, Canada, Japan, Singapore, New Zealand, the UK, France, the Philippines, and others. A high percentage of the student population is overseas-born Taiwanese holding a foreign passport. Most members of the class of 2014 are non-native speakers of English. KAS earned recognition as an IB World School in 2010. A community service graduation requirement of 40 hours exists for all students; additional service hours are required for IB Diploma candidates. Extracurricular offerings include junior varsity, varsity, and ACAMIS athletics, such as, soccer, basketball, volleyball, and track. Other extracurricular activities include the World Scholars Cup, Model United Nations, Cadenza Club, Flute Ensemble, Baroque Ensemble, National Honor Society, International Club, and Student Council. In all, there are more than 30 different clubs and athletic teams offered at the high school level. KAS is currently involved in a

major renovation and expansion of its campus with the goal of creating a comprehensive, state-of-the-art learning facility.

Morrison Academy was established in 1952 and offers a college-preparatory and American-based Christian affiliated education to expatriate children living in Taiwan. Morrison Academy was founded in Taichung, where one of the campuses is located, but additional campuses have been created in Taipei (Bethany) and Kaohsiung (Morrison Academy Kaohsiung).

Although established in 1952 to serve the needs of missionary kids, Morrison Academy has attracted a large number of business children. Morrison Academy is currently the largest international school in Taichung and the largest Christian school in Taiwan. The school is recognized by Taiwan as an international school and is restricted from accepting Taiwanese who do not possess a foreign passport.

Graduates from Morrison Academy often attend North American colleges and universities. Because Morrison Academy is composed primarily of missionary kids and business expatriates, a wide range of countries is represented in the faculty and the student body. However, the teachers and the students primarily come from the United States and Canada. Morrison boasts the longest teacher retention rate in Taiwan, no doubt a testament to the motivational level of its staff and commitment of its Christian core ethic. The vision of Morrison Academy is that every student will experience a quality, biblically-integrated education, so that each one will be equipped to impact the world dynamically for Christ. Morrison Academy is a fully accredited K-12 educational institution. Their school is currently accredited through two internationally recognized accreditation associations: the **Association of Christian Schools International** (ASCI) and the **Western Association of Schools and Colleges** (WASC).

Both organizations require exacting compliance with the strictest of standards for educational facilities to ensure both excellence in educational quality as well as continuity with existing educational systems in the United States and other western-based educational systems.

Toward this end, both ASCI and WASC have carefully examined Morrison's commitment to their mission statement, Vision for their Learners, curriculum, facilities, staff development, and school management systems. They have certified Morrison Academy meets the high rigorous standards that these accrediting

organizations have deemed essential. Their current accreditation extends through 2015, when it will be re-examined for recertification.

The Kaohsiung campus is a true oasis; spacious, beautiful and peaceful. Morrison Kaohsiung is currently expanding to include High School grades so that current students will not have to transfer to their Taichung campus.

Building Trust Bridges

As Taiwan looks to expand its global trade into new markets, and its domestic companies look for growth in the US and elsewhere, it becomes ever more important for success to be a likely goal without numerous starts and stops that come from a lack of understanding of the potential market and its culture or ignorance of applicable standards and regulations. Doing business is expensive, and opening up a new market carries with it a high risk. Competition is fierce and comes from across the globe. It has never been more difficult and yet at the same time, easier to “go international”. Easier because of the internet, international trade shows and exhibitions – increasingly carried out on a virtual level, convenient air travel, and most recently, the explosion of social media use in commerce. International business also has become more difficult because competition comes from everywhere, and once you make public your products or ideas, the whole world knows about it, which can spawn dozens or even hundreds of various size enterprises either copying or building on your hard work. Business and growth today requires a competitive edge. Even a single person with knowledge enough can build a web site or simply send an e-mail, which makes it difficult to evaluate potential clients or business partners. How can you grow and maintain a high degree of confidence that the person or company in contact with you has the resources and reputation to complete transactions and become a valued and valuable ally?

One of the most effective ways is to develop a strong relationship to the point where each party knows what the other can bring to the table; in short, the development of a Trust Bridge. As many will agree, alumni from any given university around the world have a built-in level of trust with each other. Surely, the same can be said for those who share the experience of serving in the military together.

What if Trust Bridges could be established internationally? That is exactly the concept brought to my attention by world renowned international marketing expert, and professor at Georgetown University, Michael Czinkota. The concept is simple;

establish a set of international standards for business, based on the commonality of experiences. Particularly for alumni for the same or similar universities, such a task should be facilitated by the fact that the persons under consideration have had similar life shaping experiences. Their exposure to common values will let both parties rapidly establish a connectivity, warmth and trust. Through a combination of symposia, conferences and courses, affiliated universities can accredit and certify persons or companies into a database of Trust Bridges. If universities such as Georgetown can affiliate with Taiwan universities and establish such a program, the benefits could be significant and far-reaching. Whereas now, it takes several e-mails, conference calls, flights back and forth for face-to-face meeting just to establish a thin foundation upon which to consider new business opportunities and slowly grow relationships.

Having a Trust Bridge program in place would have the same effect as meeting a fellow alumnus to discuss new business; the groundwork is already in place; the relationship is on the fast-track. This database can also be used in searches for new potential business and partners, knowing that those included in the database have the same mindset and standards as you do. What a very interesting concept; one that should be thoroughly explored and put into place. The possibilities of having such a network of Trust in Taiwan, the US and Japan would have tremendous potential, and AmCham K fully endorses the idea.

KAOHSIUNG

KAOHSIUNG INTERNATIONAL EXHIBITION CENTER

May of 2014 will bring with it perhaps the most important commercial events in modern times for Kaohsiung; the Taiwan International Fastener Show (April 14th & 15th), the 2014 International Boat Show (May 8th to the 11th), and the Kaohsiung International Travel Fair (May 16th to the 19th). This one-two-three line up will serve to attract a lot of visitors and business to the area. Although each is significant, the Boat Show marks the completion of two major development projects for Kaohsiung; the Yacht Manufacturing Center and the new International Convention and Exhibition Center (both completed at the end of 2013). Kaohsiung can really make the most of having these three great events in rapid succession in a five-week period. While the 2009 World Games was also a milestone event for Kaohsiung, its focus was on friendly sports competition and exchanges in culture. The 2014 Boat Show is Commerce! This will be a world-class event with up to 800 vendors both indoor and outside the Center which sits at the edge of Kaohsiung Harbor. Not only will this lead to increased awareness and sales for Taiwan's excellent yacht manufacturers, and help nurture local yacht ownership and charter industry, but also serve as the foundation for future world-class exhibitions at the new Center. Kaohsiung, this is your moment to shine so be prepared. Potential new partners and investors, international business leaders, and big ticket item buyers will be descending on the city for this exhibition. Don't disappoint them! Give them an experience they will eagerly share with others. Also, don't underestimate the tourist aspect of this exhibition either, as visitors to this event are potential future tourists who might just bring their families here on vacation. While on the subject of creating apps, now is also the time for a coordinated effort by neighboring Tainan and Pingtung to create their own, so as to make available to visitors, foreign residents and Taiwanese alike, all the vast richness of southern Taiwan.

Recent news of budget reconsiderations for this event is potentially troubling. The Chamber sees the International Boat Show as a major breakthrough for commerce in southern Taiwan. Several cities around the world including LA, Chicago, Las Vegas, Orlando, Miami, Geneva, Dubai, and many others generate considerable revenue from high-profile exhibitions that draw tens of thousands of visitors per event and hundreds of thousands each year. Las Vegas for example saw 5,107,416 attendees to its exhibitions.

Look at the numbers.

- **B2B exhibitions were 39.2% of B2B marketing budgets** in 2011, the largest amount of any other marketing channel. That number has held fairly steady over the past several years, demonstrating the resilience of trade shows. *Source: CEIR: The Spend Decision: Analyzing How Exhibits Fit Into The Overall Marketing Budget*
- **81% of trade show attendees have buying authority.** Which means more than 4 out of 5 people walking the aisles are potential customers for exhibitors. *Source: CEIR: The Spend Decision: Analyzing How Exhibits Fit Into The Overall Marketing Budget*
- **78% of trade show attendees travel more than 400 miles** to attend an exhibition, which means you are getting a national or international audience at many trade shows. *Source: CEIR report ACRR 1153.12*
- **99% of marketers said they found unique value from trade shows they did not get from other marketing mediums.** Their 3 most valued aspects of trade shows were: 60% of exhibitors said they value the ability to see lots of prospects and customers at the same time; 51% of exhibitors said they value face-to-face meetings with prospects and customers, and 47% said they value the ability to meet with a variety of players face to face, such as customers, suppliers, resellers, etc. *Source: CEIR: The Changing Environment of Exhibitions*
- **The top 3 goals for exhibitors at trade shows are brand awareness, lead generation, and relationship building.** *Source: Skyline Exhibits market research*
- **The average attendee spends 8.3 hours viewing trade show exhibits at a show** or exhibition. That gives you plenty of opportunity to connect with your target audience. *Source: Exhibit Surveys, Inc.*
- **About 50% of the largest 200 shows in the USA take place in just 3 cities: Las Vegas, Chicago, and Orlando.** *Source: TSNN.com, The Trade Show News Network*
- **83% of exhibitors agreed that “Building, expanding brand awareness” is a high-priority marketing-related objective for trade shows.** The next two objectives tied at 63%: “New product promotions, launches” and “Brand awareness reinforcement.” *Source: CEIR Changing Environment Study*
- **The top 3 sales-related objectives at trade shows are related to relationship management and engagement.** Above all else, exhibitors want to meet with existing customers, key customers, and prospective customers. *Source: CEIR Changing Environment Study*
- **67% of all attendees represent a new prospect and potential customer for exhibiting companies.** This means trade shows are always rich in new business targets for you. *Source: Exhibit Surveys, Inc.*
- **45% of attendees visit only one exhibition per year.** So when you exhibit at a show you will find unique prospects there you can’t reach at other trade shows. *Source: CEIR Report ACRR 1152.12*

- **The #1 reason for attending (not exhibiting) trade shows is to see new products.** 92% of trade show attendees say they are looking for new products. It has been the number one reason to attend for 25 years! So trade shows are a great place to introduce or feature your newest products. *Source: CEIR: The Role and Value of Face to Face*
- **46% of trade show attendees are in Executive or Upper Management.** That's a lot of valuable attendees with top titles walking trade shows. They certainly have authority to make buying decisions! *Source: CEIR: The Role and Value of Face to Face*
- **Shanghai, China is going to open a 5 million square foot show hall in 2015.** This means for exhibitors there will be even more potential large shows to exhibit at in China. *Source: News media*
- **84% of exhibitors say "High quality of attendees" is the most important factor when deciding whether to exhibit or expand booth size.** Also, 54% say "favorable return-on-investment," is an important factor when deciding to exhibit or expand booth size, while 50% consider "Positive past performance" and important factor. *Source: CEIR: The Changing Environment of Exhibitions*

Kaohsiung needs to become one of Asia's exhibition and trade show destinations, and supporting this industry is essential for success.

The Chamber highly recommends that Kaohsiung City provide enough resources to ensure that this venue builds a solid foundation as one of the newest world-class exhibition and conference center.

World Trade Center – Exhibition & Convention Center

This exhibition and convention center is planned to have 1,500 exhibit stalls, a 2,000 person conference room, two 800 person conference rooms, four small conference rooms for 40 persons, six mini conference rooms for 20 persons, with attached amenities and outdoors exhibit areas. Project completion happened in December 2013. This project will allow Kaohsiung to function as a global logistics center and improve her image as a competitive international maritime and air transport metropolis, expand domestic and international markets for local industries, create trade opportunities, and promote regional economic transformation. The project would accelerate the development of exhibition, tourism, and commercial services to create prosperity. In addition to the International Boat Show, likely candidates for successful annual events include an International Auto Show, International Computer Show, Mobile Technology Exhibition, Computer Gaming, Automotive Aftermarket Show (similar to the SEMA show held annually in Las Vegas), Outdoor Activities Exhibition, Watersports, Travel and Tourism Exhibition, Clean Energy,

International Cuisine and Cooking Equipment (similar to the FHA in Singapore), an annual Import/Export Convention, and an annual Gateway to Asia Business Convention.

Kaohsiung Main Library

Estimated to be completed in October 2014;

1 million book target (in both hard copy and e-book);

The new library is currently under construction and looks to be a real future landmark. The focus on this organic structure is to offer a peaceful and environmentally responsible place for people to spend some time. The city would like people to donate new books, similar in the way that temples ask for donations. The idea is that temples nurture the spirit, libraries nurture the mind.

An access portal is needed for information on how to donate books.

Recommend that the library also establish a “Book Exchange”, whereby people can bring in books that are in good condition for credits to take out other books that are in the “Book Exchange” inventory. This can expand the variety of books and also increase the overall number of books that are in the library’s inventory at no cost for buying these books. This feature can be especially useful for transients or short-term residents (not to mention residents who are avid readers), and can be done in a simple way with a card that would be given to those who participate in the exchange program.

Pop Music Center

Phase 1 is scheduled to begin in March 2014, and completed in the summer of 2015;

Bids for Phase 2 will come May 2014; the groundbreaking ceremony for the Maritime Cultural and Popular Music Center was held in Kaohsiung on March 3, 2014.

Construction is expected to be completed in September 2017 and the facility put into use at the end of that year. The Ministry of Culture (MOC) has budgeted NT\$5 billion (US\$165 million) for the project, which will be led by the Kaohsiung City Government. The center will be located on an 11.49-hectare area from piers 11 to 15.

The project integrates the maritime science, technology and culture center concept espoused by President Ma Ying-jeou as part of the “*i-Taiwan 12 Projects*”, the MOC

said. The center is designed to showcase two major subjects: maritime culture and popular music. In addition to a 5,000-seat large-scale indoor exhibition and performance space and a 12,000-seat outdoor performance area, there shall be numerous smaller-scale venues for 200 to 1,000 audience members each as well as a cultural and creative industry section, incubation center and marine culture exhibition center.

The facility will be connected with other area attractions by Kaohsiung Light Rail Transit. This integration with other tourist activities is expected to make the Maritime Cultural and Popular Music Center a landmark destination for international tourists, akin to the Esplanade in Singapore and the Sidney Opera House in Australia. The center shall be a major portal to Taiwan, officials pledged.

March 3, 2014 English-language Executive Yuan press release

http://www.ey.gov.tw/en/News_Content2.aspx?n=1C6028CA080A27B3&sms=E0588283EFAA02AD&s=C9D1A5526C0EF440

Ministry of Culture Chinese-language website

<http://www.moc.gov.tw/main.do?method=find&checkIn=1/>

This venue needs a professional event organizer who can attract talent and organize successful events.

A web portal is needed for this venue as well.

An Artist Exchange should be added to the web portal to facilitate participation from local and regional artists to collaborate and work together.

World Games Stadium

The **National Stadium** (formerly known as the **World Games Stadium**) is a multi-purpose stadium in Zuoying District, Kaohsiung, Taiwan. It is currently the largest stadium in Taiwan in terms of capacity.

Completed in 2009, it hosted the main events for the 2009 World Games. The stadium has a capacity of 55,000 people. After the games, the stadium is underused.

The stadium, designed by Japanese architect Toyo Ito, makes use of solar energy to provide its power needs. The stadium's semi spiral-shaped, like a dragon, is the first stadium in the world to provide power using solar energy technology. The solar

panels covering the vast external face of the stadium are able to generate most of the power required for its own operation, as well as additional power that can be saved.

This venue needs a highly qualified and motivate event organizer.

Cruise Ship Home Port

Construction expected to be completed in 2015. Estimated to cost over NT\$2.8 billion (US\$87.35 million).

The home port will be built from Wharf 18 to Wharf 21 in the Kaohsiung Port. The wharves, at 575 meters long in 10.5 meters of water, are able to accommodate even the world's largest cruise ship, "Queen Mary 2," with a draught of 10 meters.

Several office buildings and related facilities will be established at the home port to service both international cruise ships and cargo vessels.

"In the initial stage, we will focus on Asian routes," said Sun. These include routes from Kaohsiung Port to Hong Kong, Xiamen and Shanghai in mainland China, as well as other cities in Southeast Asia.

But the city government also hopes to set up European and North American routes in the long run.

The Chamber looks forward to the development of this project and as it begins to take shape, we will consider access, ground transportation, accommodations and activities that will be needed to give cruise ship passengers a positive and memorable experience.

Kaohsiung LME Harbor

Named as Asia's 9th LME warehouse location, the London Metal Exchange's (LME's) selection of Taiwan's southernmost harbor of Kaohsiung as one of its merchandise delivery ports highlights the harbor's unique advantages as a hub for ventures into the massive Chinese market.

With Kaohsiung Harbor now serving as an LME delivery port, it is expected to become an international warehousing transfer center and attract more foreign investment to Taiwan.

Hsiao Ding-hsun, chairman of Taiwan International Ports Corp., Ltd., said that Kaohsiung Harbor should seek to create added value through service diversification as its annual cargo handling volume is declining.

To this end, Taiwan International Ports Corp. plans to create two more container

terminals by building 11 new deep-water wharfs at the harbor, which are expected to increase the harbor's annual cargo handling capacity to 17 million twenty-foot equivalent units (TEUs) when the wharfs are completed in 2019.

Public and private sector investment in the container terminal project exceeds NT\$120 billion (US\$4.07 billion). The LME partnership will help significantly to attract investments in the Kaohsiung free economic demonstration zone.

With Kaohsiung Harbor now functioning as an LME merchandise delivery port, base metal transportation costs are expected to drop and the efficiency of shipment logistics in Southeast Asia and China is likely to improve, pushing up the harbor in the world rankings.

In 1999, Kaohsiung was ranked as the world's third largest container port, with an annual cargo capacity of more than 10 million TEUs, behind Hong Kong and Singapore. Since then, however, Kaohsiung has been falling in the container port rankings, slipping to 13th place in 2012.

The LME is a futures exchange with the world's largest market in options and futures contracts on base and other metals. Kaohsiung Harbor is now a delivery point for primary aluminum, aluminum alloy, copper, lead, nickel, tin and zinc, it was reported.

New Night Market

Located near the airport, this is Taiwan's largest night market.

Jin-Zuan Night Market and Kai-Xuan Night Market sit right next to each other, covering over 9000 ping (29 752 square meters) to make up what is called the nation's biggest night market in Qianzhen District of Kaohsiung City. The two night markets opened earlier this year and have attracted hundreds of thousands of visitors already. The two night markets offer visitors various foods, games and shopping opportunities. The Kai-Xuan night market has one distinctive feature, which is a street address nameplate on the roof of every booth. The street nameplates are distinguished by the order of their distance from the downtown area of Kaohsiung. In contrast, the Jin-Zuan night market is laid out in the shape of a large constellation. Hopefully, this will help keep people from getting lost in the huge night market and also make it easier to find the vendor they are looking for. There are over seven hundred stalls in the two night markets.

Traffic Control Systems

As traffic and congestion continues to grow in southern Taiwan, we must look at ways to reduce emissions and transportation time while enhancing motorist safety.

Since there are a very large number of scooters used by the population, as well as a significant proportion of the population that are senior citizens, this becomes a very complex issue that is difficult at best to find reasonable solutions. There is no easy solution for establishing a more efficient and safer method of controlling traffic movement in this regard, however certain main roads might be considered for a pilot program as designated "No-Scooter" roads. The section of Zhongshan/Boai Road, from Sanduo to the Kaohsiung Arena would be perhaps the best place to try a pilot program. The sidewalks along this part of the road are wide enough to have a "Bicycle Lane". Motorcycles and scooters can take parallel roads, and although there will certainly be objections to this idea, people will adapt. This exercise can also serve very useful in collecting data and the changes in public use and opinion as it progresses.

Another point that can be made is that the computerized traffic light system was put in place to more efficiently and safely keep traffic moving. Unfortunately, the manual overrides that are initiated during rush hour put the lights out of synchronization. Some traffic lights will vary every single day in their relative timing, and make the commute significantly longer than needed.

The timing of lights needs to be more consistent as well. Some parallel secondary roads have different light timing than the main roads, which creates more delays. We do not need 35-second light cycles; especially when right-turning cars are forced to block traffic in order to wait for scooters that are going straight. This simply creates useless delays.

We recommend a coordinated 1-minute traffic light cycle as the normal time frame, with main arteries having 2-minute green lights and 1-minute red lights which should be adequate for cross-traffic flow.

A one-way commute (from Gangshan to the Chien-Cheng District near the 85 Sky Tower) that should take 35 minutes, takes 45 minutes on average and as much as 2 hours if it is raining on a Friday evening. 10 minutes each day/ 22 days each month adds up to 2640 minute each year (44 hours). That is a lot of wasted time and fuel and a lot of unnecessary pollution. Typically, cars will burn 2 liters of fuel per hour at idle and trucks about 4 liters per hour at idle. 44 hours in a car each year burning

88 liters of fuel each year means over 190kg of carbon emissions per car per year, and twice that for trucks. Multiply that times the total number of vehicles operating in Kaohsiung and those numbers become quite significant.

Another area where traffic lights can be improved is with left turns off of main roads. Some roads have left-turn arrows but only signs written in Chinese explaining that no left turn is allowed except when the green arrow is lit. This has caused many foreigners to receive tickets, as this is not clearly indicated anywhere. Technology exists to have multi-colored LED traffic arrows that would resolve this problem. The arrow light can change from red, to green to yellow. Even if someone cannot read a single word, they can easily understand this. A red left turn arrow universally means "NO LEFT TURN". In addition, having multi-colored turn arrows can enhance safety in other situations where a traffic light is red, but with a green arrow. Arrow LED lights can also be fixed at 45 degree angles for intersections that have forks in the road.

The use of traffic cameras in the city is widespread, but underutilized. The technology exists today where computer programs can analyze traffic patterns at any time of the day, which can be very useful in optimizing traffic light timing and adjustments. It can also serve other purposes. Having cameras at intersections slows people down and helps to prevent running red lights and other traffic violations. It can be extremely useful when accidents occur as it can serve as important evidence of fault. It can also be used as a learning/public service tool. As a public service, and teaching tool, there can be broadcast on TV news channels examples of "Doing It Wrong"; especially when those examples show the aftermath of poor driving habits, people might begin to get the message. There is no doubt that traffic in Taiwan is a challenge to improve, but perhaps these recommendations can bring relief.

What Kaohsiung City Wants You to Know

1. Renewable Energy Issues

Economic Development Bureau Public Utilities Division

Economic ministries and municipalities, county (city) government's renewable energy generation equipment operation guideline:

The domestic solar power generation is able to enjoy subsidies after the Renewable Energy Development Act was enacted by the Bureau of Energy on July 8th 2009. The cumulative capacity of solar energy in 2010 was 21.3MW, 73.7MW in 2011 and 161.6MW in 2012. According to the latest data from Ministry of Economic Affairs, that capacity of solar energy grew to 175MW in 2013 which is quite a significant growth year on year.

According to renewable energy development regulations, the capacity of renewable energy equipment will add 6.5 to 10 million kilowatts in the next 20 years. In order to grow the use of renewable energy they plan to strengthen incentives for renewable energy in public sector through renewable energy power acquisition mechanisms, incentives, demonstrations and deregulation. Currently, Kaohsiung mimics the German system of Feed-in Tariffs (FIT) which is a system that mandates acquisition of renewable energy at a fixed price to develop a subsidy system for renewable energy. The Ministry of Economic Affairs can publish the renewable energy purchase costs and wholesale rates annually and the users of renewable energy can sign power purchase and sale contracts with Taipower in order to obtain a fixed rate of electricity protection for 20 years. The largest benefit of this system is to provide a long term stable investment environment for energy industry to reduce the risk for their operation.

2. How will changes in other laws affect business investment in southern Taiwan?

Central demonstration area plan

1. Development by phases

(A) First Phase

- Impetus Free Economic trade zone with industry park
- Create "Free Economic demonstration regulation"

(B) Second Phase

- Implement after Free Economic demonstration regulation pass
- Development by central government or local government

2. Demonstrated points

Focused on high value-added service industries, promote the development of service industries with manufacturing industries.

- Intelligent Logistics
- International Health
- Value-added agriculture
- Financial service
- Educational Innovation

3. Planning Area

- 7 locations in Free trade zone
- Pingtung Agricultural Biotechnology Park
- Set up 4 medical service centers in 4 international airport

4. The parallel-track demonstration system

- For industries with identical location: Through “Full- stream of service and production ”
- For industries that does not suitable with virtual space: demonstration with hierarchical management

5. Latest updates

The first phase started in August 2013. The draft of second phase had been edited through “Free economic demonstration regulations meeting” which tend to focus more on liberalization. It WAS approved through Legislative Yuan on December 26th, 2013.

Evaluation and Planning by Government

1. Planning direction

(A)Kaohsiung City’s next phase of transformation is tightly linked to the development of the Port of Kaohsiung:

- The development of the Free trade zone and the logistics industry
- The development of new economic activities in Asia’s new bay area such as finance, medical care, International recreation and the MICE industry

(B) The upgrade and transformation of the Traditional manufacturing Industry

(C) Ushering in new industrial momentum and promote city change over

- Using existing advantages to gain strategic support from central government

2. Planning Industries and locations

- Asia's New Bay Area (Multifunction's industrial park)
 - International financial service

 - International medical service

 - International human resource training

 - International duty-free shopping and entertainment
- Free Trade zone+ relative industrial parks
 - International Logistics
 - MIT manufacturing center

3. International medical project has been implemented. The medical services will only set in airports and harbors to create a high quality and friendly environment in first phase. The second phase will be more flexible on the regulations on foreign medical personnel, office hour limit for local medical personnel and related regulation in order to develop the medical service in zone.

4. Governments actions

The first stage of demonstration is mainly focused on free trade zone in Kaohsiung port and Pingtung Agricultural Biotechnology Park which will focus on developing wisdom logistics and agricultural.

After the free economic demonstration regulation approved, the second stage will focus on the developments on Asia's New Bay Area and Multifunctional industrial parks as main target. In addition, to develop high level of service industries such as financial, medical services, international recreation and the MICE industry to carry on the peripheral development of accounting, laws, medical and tourism services in order to promote the innovation of industries and increase more jobs opportunities.

Economic Development Bureau

In order to improve the incentives for business investment, innovation and job opportunities in Kaohsiung, Kaohsiung city government will continue to offer Kaohsiung City Government SME loans, commercial loans, strategic loans, place-based SBIR and the assistances projects to assist other corporations for their developments. Besides these projects, government has created new projects

(“Kaohsiung industry development promotion self-regulation” and “Kaohsiung industry development promotion implementation measurements”) in order to use investment fund efficiently under the condition of limit resources.

Government has actively promoted cultural and creative industries which also called 12 “strategic and main industries”. Government will offer the subsidies for financial interests, rent for lands, tax for lands, human resources training for the corporations who are qualified with strategic and main industries regulations in order to attract more investment opportunities.

Qualified Applicant	Content
<p>Corporate implementation of related technology development or innovation services, the central government provides incentives or subsidies for R & D plan; in fact, the total funding of the plan is more than NT \$ 30 million.</p>	<p>The incentive amount for R & D plan is limited to 20% of the central government incentive grants; the highest incentive amount is no more than NT \$ 10 million. In addition, the total funding with the central government incentive grants shall not exceed 50% of the total amount of the plan.</p>

(Note : Autonomous Ordinance of Encouragement of Investment in Industrial Development of Kaohsiung City , Kaohsiung City Enforcement Rules for Promoting Industrial Development)

Preferential Investment Grant

Qualified Applicant	
<p>In line with the city's strategic industries, one-year prior or one-year after, the applicants shall invest the amount of NT \$ 30 million or hire at least 30 local labors. In addition, it has to follow circumstances below:</p> <ol style="list-style-type: none"> 1. Company has to be registered in Kaohsiung City 2. In order to be approved for the establishment of branch offices or research and development center, the company has to be public or to be trade in the business premises of the dealer in securities. 	
Strategic Industries	Key Development Industries
<ul style="list-style-type: none"> • Cultural and Creative Industries • Green Energy Industry • Quality Agriculture Industry • Convention and Exhibition Industry • Biotechnology Industry • Healthcare Industry • Tourism and Leisure Industry 	<ul style="list-style-type: none"> • International Logistics Industry • Ocean Yacht Industry • Information Software Industry • The Electronic Telecommunications Research and Development Industry • High-Value-Added Metal Products Manufacturing • Other Government Promoting Industry <p>Within the strategic industries, the city not only is selecting and announcing the main developing industries, but also increases the main developing industries' subsidy amount.</p>
Subsidy Category	Content

Financing Interest Subsidy	In the range of annual interest rate 2.5% per annum, the maximum subsidy for five years is NT 1.5 million per annum. When actual financing rates is below the approved subsidy rates, the actual financing rates will be used to calculate.
Land Rent Subsidy	House lessees or direct investors can receive 50% subsidy for their total leasing fee with a maximum of NT \$ 0.4 million annually and up to five years.
House Tax Subsidy	Purchased or constructed the city housing, direct investors have annual house tax payable duties. The city government will provide house tax benefits for the first and second year with full subsidy, and from third to the fifth year is 50% of the subsidy; the maximum subsidy amount is NT \$ 5 million.
Subsidies for Wages of New Employees	In order to receive following benefits, 80% of the total new incoming workers have to be local Kaohsiung workers. In addition, continue to employ at least one year after filing, the employee will received NT \$5000 per month for up to 12 months; in this investment plan, the maximum subsidy is for 30 labors only in one applicant.
Subsidies for Wages of Vocational Training Costs	Labor professional training in the city, in the range of 50% subsidy of the training costs, has the total maximum subsidy of NT \$ 0.3 million up to five years.

Major developing industries

1. Cultural & Creative industries :

- Music & Art Industry
- Craft Industry
- Movie Industry
- TV advertisement Industry
- Publisher Industry
- Advertisement Industry
- Product design
- Visual Art Design
- Brand design
- Digital content
- Pop music and culture

2. Bio-Technology industries :

- Bio-medical industries
- Medical equipment

3. Software & Electronic industries

- ICT services and ICT telecom software telecommunications network application software design and development of industry and commerce industry
- Internet applications and e-commerce industry
- Digital Convergence Industry
-

4. Free economic demonstration's developed industries

5. The industries that have been approved by Kaohsiung City Council, with scale, criticality and development potential project that belongs to strategic industries and able to create more job opportunities

Financing Interest Subsidy	Line with focus on the development of industry, the maximum subsidy amount is NT \$ 6 million annually.
Land Rent Subsidy	Same with strategic industry's subsidy
House Tax Subsidy	Same with strategic industry's subsidy

<p style="text-align: center;">Subsidies for Wages of New Employees</p>	<p style="text-align: center;">Compliance with focus on the development of industry, new incoming labor's application is valid for one-year prior or five year after. In fact, applicants will received 30% of their new incoming labors' wage subsidy, which the maximum subsidy amount is NT \$10,000, and the period is up to 12 months; in this investment plan, the maximum subsidy is for 200 labors only in one applicant.</p>
<p style="text-align: center;">Subsidies for Wages of Vocational Training Costs</p>	<p style="text-align: center;">Same with strategic industry's subsidy</p>

3. What opportunities and challenges exist in fostering clean energy initiatives and technologies in southern Taiwan?

Public Works Bureau

Kaohsiung has abundant sun light. There are about 2100~2300 hours of sunlight annually which is very suitable to promote renewable energy building solar facilities set. According to Energy Bureau, there are total 280 applications in Kaohsiung which ranked as top one over Taiwan in 2012(Ranked 4th over worldwide in 2011). The total capacity is about 15.335KW which helps to reduce 12,400 tons of carbon, the equivalent of 900 hectares of forest carbon sequestration volume.

Utilities Division Department

There was a significant growth on solar photovoltaic installation in past 2 years. There was 282 cases in 2012, the growth rate was 171% compared to 2011. There was 563 cases in 2013, the growth rate was 99% compared to 2012.

4. Fostering Business jet services and related revenue opportunities for the south.

Tourism Bureau

Tourism Bureau has a series of travel promotions of Kaohsiung that target Japan, Korea, China, Hong Kong, Macao, Malaysia, and the national tourism as main market.

1. Promote international airline flights and international cruise tourism.
2. In order to open international vision of Kaohsiung, we actively participate in Tourism, International Travel Exhibition. We promote tourism activities and integrate the use of print and electronic, network, outdoor billboards and other multi-media marketing.
3. Inviting foreign airlines, tourist related industries
4. Creating website that provide detailed information for tourists.
5. Promoting tourist subsidy to attract more tourists.
6. Planning diverse themes to meet the needs of different customer groups and to enhance the travel experience, such as multi-marketing strategy, integrated marketing to promote tourism in Kaohsiung
7. Combined with the city's tourism industry Council, associations and industry to participate in domestic and international travel fairs to promote the city's tourism marketing.
5. Developing tourism and leisure activities through government projects and educational training.

Three-Channel Promotion

1. "Kaohsiung Seasons Getaway" package tours: The tour includes professional tour guides and DIY activities for tourism to experience the variety experiences in Kaohsiung.
2. Promoting night market tour: In order to promote night market, Tourism bureau hold activities and promotions for night market to attract more tourists. There are also opportunities for tourists to experience the traditional programs and activities in Kaohsiung.
3. Kaohsiung Pass: store contains Creative / Tourism factories, agricultural and fishing specialty, accommodation, Souvenir, passports content to eat, drink, special

attractions, tourist night market, everything, just like a pocket version of the travel books. It is very convenient for tourists to obtain relevant travel information, takes visitors close to the Kaohsiung property diverse customs, knowledge, learning and experience.

Hakka Affair Council

1. Hakka Cultural Park: Hakka Cultural Park with free admission to visit. Heritage Museum offers free shows, art exhibitions, interactive experiences, library, education, outdoor learning experiences and performances in public performance hall. It offers a good opportunity for tourists to find out the culture of Hakka.

2. Actively operating Hakka Cultural Museum Mino region as new spot:

Mino occasional launch special cultural exhibitions. Mino Hakka heritage and scenic attractions offer free tour guide service that available in English, Taiwanese, Hakka language. In addition, the museum set up parent-child DIY paper umbrellas painted area that allowing visitors to experience the beautiful culture Mino paper umbrellas and offer the creation of a series of Hakka culture as the main courses, provided opportunities for citizens to participate freely, to attract domestic and foreign tourists to visit.

3. Promote Hakka culture and Hakka industries:

(1) Hold 103 National Hakka Day, 2014, Kaohsiung Hakka Cultural Festival and Hakka cultural events that combined with the local culture, and tourism characteristic industries in order to attract more public participation, understanding of Hakka culture, create Hakka area tourism value and enhance industrial development.

(2) Hakka Yimin Festival, Yellow Butterfly festival and other traditional festival to promote food, ecological education, tourism industries, creative marketing for Hakka culture.

(3) Promoting Hakka industrial by using blue shirts, paper umbrellas, gourds, tobacco floor, kitchen reconstruction, broad rice noodles, Old Street, East gate House. The development of Kaohsiung Hakka cultural and creative industries allow people to have close approach of Hakka living area.

Council of Indigenous People

Kaohsiung City Government and the Maolin National Scenic Area Administration jointly organized "Purple Butterfly Valley Butterfly Maolin biennial series of activities". Activities have been handled for many years and attracted thousands of tourists every year to watch the Splendor Maolin area swirling. Although they experienced typhoon Morakot in 1998 which destroyed roads and some purple butterfly habitat, the annual event 101-102 visitors still reached 48,897 people. There is a purple butterfly 3D audiovisual museum building Maolin National Scenic Area Administration that visitors can enjoy the beauty of butterflies.

Farm Bureau

Promotion of Rural reborn

The Government is planning to reconstruct 19 rural areas in order to find characteristics for each area, to discover the characteristics of the community, to develop a plan for human participation, consensus building, shaping the core values of rural development, so that rural communities are no longer just agricultural production.

Agriculture recreation:

The agriculture recreation plan combine with industry, culture, art and other factors that led the tourists to have approach on not only agriculture but also with a combination of industry, culture, art and other elements. It also allow them to experience the Kaohsiung safe, high quality, diverse agricultural landscape.

4. Attracting new foreign investment into the area.

Economic Development Bureau

Kaohsiung's economic development had been focused on petrochemicals and metal materials manufacturing as core for long term. It remains an important part of Kaohsiung's economy. Recently, Kaohsiung Harbor intercontinental transportation successfully play important role in Taiwan and around the world, especially electronic components logistics portal, but also the core of the entire transportation industry in Taiwan.

How to attract new industries to enter the Kaohsiung is always a hot issue for government. Government has actively tried to balance the development of urban economic development and traditional industries. Also, the introduction of a smart

and low use of resources and sustainable development of the industry as the third wave of Kaohsiung to promote economic improvement momentum.

Kaohsiung has been positioned as a heavy industry production city for long time. However, Kaohsiung has actively reshaped their image into different impression. Reconstruction and upgrading of traditional industries, diversified industrial urban economy is the core of the city government's industrial policy thinking and implementation. Kaohsiung City Government pours all their resources for industrial upgrading and restructuring efficiently.

Strategies to attract foreign investments to Kaohsiung:

A. Matchmaking business opportunities and promote foreign investment

(1) Assist traditional and small business to seek more cooperation opportunities and reduce the cost of overseas expending in order to achieve the purpose of promoting the upgrade and development of the industries.

(2) Strengthen and expand investment in Kaohsiung, ASEAN and mainland China such as expanding sales and business matchmaking with foreign business to gain more potential international markets in order to improve the image and market of Kaohsiung marketing channels, the scope of cooperation.

(3) Use existing industrial supply chain to combine with Asian's high-quality companies' innovative technology, research and development capabilities.

B. Improve foreign investment incentives

(1) Set up new regulations such as "Kaohsiung industrial development regulation", "Kaohsiung investment management and subsidy regulation", "Kaohsiung industry promotion guide" to encourage investment.

(2) Set up different categories of subsidies for the industries that government actively promoting such as the 12 strategic and main developing industries. The purpose of these is to attract more corporations to invest in Kaohsiung.

C. Create the city merchants investment database which provide in information of the land availability. To effectively control the city land available for investment related information, serve to assist potential vendor's efficient investments to make suitable investment and improve investment efficiency. The database is mainly an inventory of land available for potential manufacturers to invest in the city, the range includes industrial land that has not yet been invested or low usage. It also

enhances the industrial land supply and demand sides of the matchmaking efficient. It is very effective to help manufacturers reduce search costs for potential investments.

D. Hold orientation for investment incentives.

(1) To introduce the characteristics of different categories of industries such as development, visions, locations, environment and descriptions as suggestions for foreigners to make decision of investment.

(2) To create a communication channel for corporations to promote the communication between government and corporations in order to work together efficiently.

(3) To assist Kaohsiung's corporations for investment promotion and counseling.

E. Investment counsel service channel

(1) Set up a service channel which can track the relative data or procedures for every investment cases

(2) Foreign investment service: Provide related assistances for foreigners to do investments

(3) Provide the assistances based on investor needs: 1. Financial needs 2. Location & lands needs 3. Human resources.

F. Actively cooperate with the central government to develop new industrial policy.

G. Cooperate with central government and legal parties in order to strive for the resources for industrial development.

H. Matchmaking services between local and foreign corporations for promotion.

5. Ongoing and proposed development projects

Research, Development and Evaluation Commission

They are 5 major development projects on 2014

(1) "Attractive Kaohsiung": Harbor reconstruction project which includes Pier 2 art district, multifunction industrial parks, Kaohsiung Software Technology Park and combine the word trade exhibition and convention center, maritime culture and pop music center, city main library, port and cruise service terminal to

develop financial, creativity & culture, tourism and conference industries, as well as to promote the industries in Asia's New Bay Area.

(2) "Operating Kaohsiung": This project is to develop the transportation system in Kaohsiung such as public buses, KRT Shuttle buses, tourist buses that provide not only the service of transportation but also service of tourism and medical needs. There will be 7 private passenger transport companies, 132 bus routes to provide better services for tourists in 2014. In addition, to have connection with the Waterfront light rail in Asia's New Bay area to serve tourists with a completed transportation structure and system.

(3) "Friendly Kaohsiung": Kaohsiung has always focused on the people oriented principles. Kaohsiung has always done their best to provide services and subsidies for their citizens. Kaohsiung will implement projects such as free dentures implementation plan for the elderly, elderly Rehabus transportation, food services, public vocational training of disabled person to improve the medical and humanity services. In addition, Kaohsiung will also emphasize the care and connections such as educations and environment reconstructions with Aboriginal groups and new immigrants.

(4) "Green Kaohsiung": Kaohsiung has actively been reshaping their image from a heavy industry city to LOHAS (Lifestyles of Health and Sustainability). The Government has tightened control on the sources of pollution, improved air quality and increased the scale of operation of public bicycles, electric scooters and electric bicycles to promote less polluting transport such as building bike paths. The Kaohsiung area features a number of different intentions to build a theme park, enhance the overall landscape and create high-quality multi-functional public open space environment.

(5) "Industrial Kaohsiung": Kaohsiung city government has actively assisted the upgrades and innovations for industries to the direction of Green low carbon, technological, cultural and quality agriculture and tourism recently. Government looks to foster green industries to nurture a more active green industrial economy and promote cultural and creative and film industries. In addition, the government has been doing their best to develop the tourism, agriculture and creative & cultural industries to bring a brand new image on Kaohsiung.

6. The importance of education in meeting the needs of the future workforce in southern Taiwan.

Education Bureau

In response to the globalized economy, the education principle is to nurture a good personality, professional knowledge, cultural perspective and globalization as the final goals in order to gain competence. Adjustments in education strategies, classes schedules, training and teaching guidelines as innovation. The education should help students to have international affairs, observation, exploration, career development planning, creativity and imagination to create, inspire and carry out multi-potential and self-exploration.

Labor Affair Bureau

According to the data, the education level of labor in Taiwan has changed a lot in the past 20 years. The education of junior degree has decrease from 53% to 22%. The high school degree has decrease from 31% to 23%. On the other hand, the degree of college has risen from 17% to 45%. However, the unemployment rate has kept increasing from 1.51% to 4.24% which lead the problems of “highly educated unemployment” and “shortage of professional human resources”. In order to solve this problem, we should highly emphasize on the education of technical for the training of human resources and reconstruct the education system for technical.

7. The status of ongoing preparations for the 2014 International Boat Show in May Marine Bureau

There are 34 vessels (25 yachts, sailing 9) registered exhibitors, 112 vendors (yacht factory 21, yachts metal parts 91) registered exhibitors with total 734 stalls. (2014/01/07) "2014 Taiwan International Boat Show" exhibition booth set target for 800 booths, and has registered 734 booths, the goal was to reach 91.75%.

PINGTUNG

The Light Rail proposal (a B.O.T. development project) needs investors. Pingtung sees itself as the perfect destination for those looking for a more relaxed and less congested environment for their day trips or vacations. The Traffic Bureau is already doing a light rail assessment study. The light rail would have a decisively beneficial effect on access to the area.

Pingtung is also looking at regional development by cooperating with its neighbors, Kaohsiung and Tainan.

Pingtung County Government Magistrate Tsao Chi-hung said that since Kaohsiung Mass Rapid Transportation's extension service to Pingtung will be constructed under the operate-transfer (OT) model after a Ministry of Transportation and Communications (MOTC) study concluded that the original BOT model was not feasible, the county government would thus have to allocate an annual budget for its increased share of NT\$863 million, adding that "I think further delay would stall Pingtung's development; this project should start as soon as possible."

The extension of the Kaohsiung MRT line and the renovation work on the Kaohsiung-Chaozhou (in Pingtung) segment of the Taiwan Railway, which is currently under construction, will transform Pingtung City into an important satellite of the Greater Kaohsiung area.

The total outlay for the construction of the Kaohsiung MRT's Pingtung line is NT\$33.13 billion. The central government will contribute NT\$29.81 billion, Pingtung County Government NT\$ 1.93 billion, and Kaohsiung County Government NT\$1.37 billion.

On land acquisition, the central government will have a 90 percent share of total expenditures, while the local government shoulders 10 percent.

Pingtung is also working on a new development plan for Hengchun Township, which includes the renowned resort area of Kenting. This new plan will focus on responsible development with a strong consideration for preserving the environment. Eco-tourism is a big attraction in Pingtung.

After Typhoon Morakot disaster, Ping Tung has been actively promoting the plan to increase the Photovoltaic Solar Agricultural Energy Plants industry. The plan consists of agricultural industries that are located in subsidence areas become converted into solar panel plants. The goal is to create renewable energy with the

combination of solar panel plants above the aquaculture farms so that energy generated will directly be re-used for the farms. The plan also consists of promoting solar energy in schools by placing solar panels on the rooftop of all the school buildings. Pig farmers also benefit from the plan as the solar panels combined with the biogas can create renewable energy. Ping Tung is actively promoting the community to switch to Hydrogen Fuel Cell powered scooters to lower emissions and pollution. Ping Tung County is one-step closer to establishing the regional smart grid project, where energy generated can be renewed and re-used back into the same region.

Pingtung County Government introduced green transportations in order to build a low-carbon tourism home. With an opportunity to associate with Pingtung Bus, the Ministry of Economic Affairs approved the grant to purchase two new electric minibuses. Pingtung County also opened up a new route 503: "Linpien - Tapeng Bay - East Port" and the services would be provided on March 1, 2014.

Pingtung County is currently promoting the electric and hydrogen fuel battery motorcycle in Liuchiu and Hengchun Peninsula. Nowadays, Pingtung is one step closer to the low-carbon home with the electric buses.

Transportation Network

Since a comprehensive transportation network is considered the spirit and symbol of economic development, Pingtung County Government has poured huge capital to implementing important projects to ease traffic. These projects include the 2nd National South Freeway, East-to-West Express Way, Pingtung Wuliting Airport, the Kaoping Bridge, the 21st County Expressway, and the extension of Kaohsiung's Mass Rapid Transportation to Pingtung.

Ocean transportation will also be expanded with the completion of harbor facilities at Tungkang, Liuchiu, and Haiko. The Blue Way that extends from Hopi Lake Harbor to Orchid Island and Green Island of Taitung County envisions a smooth ocean traffic line for expanding tourism opportunities.

Tourism and Culture

In a big effort to promote the beauty of Pingtung to the world, Pingtung County Government has organized a series of cultural festivals with particular themes for every season. Tour packages have been carefully designed with the joint effort of Pingtung County Government, hoteliers, restaurant owners, travel agents, and the

county's local industries to promote culture and tourism. The County Government plays a key role as coordinator in integrating marketing sources and the private sector participation to build a successful tourism model that aims to increase more commercial opportunities.

The integration of tourism with the local culture is meant to facilitate domestic tourism, boost local industries, and increase transportation business.

In addition to managing the frequently-visited Kenting National Park, Pingtung County Government collaborates with the central government by holding entertainment and sports activities in other national scenic areas. The underdeveloped Tapeng Bay National Scenic Area will be the ideal venue for surfboard tournaments and other water sports. The Saichia Aviation Sports Park is currently the only park for aviation sports in Taiwan.

Combining with tourism, fisheries enjoys natural advantages

Pingtung's extensive coastline is almost 150 kilometers in length. Its countless bays and harbors offer many advantages for the conduct and development of the fishing industry. Tungkang, Liuchiu, and Hopi Lake Harbor are three major fishery harbors in their locality of Pingtung that offer prolific fisheries resources.

Tungkang is the largest harbor in southern Taiwan, currently containing more than 1,000 fishing boats. Beyond supplying other cities in Taiwan, the considerably large volume of fish caught in this city is also exported overseas.

Liuchiu attracts visitors not only with its tasty seafood but also with its beautiful scenery. Pingtung County Government has road-mapped an overall plan to activate local industry by combining both tourism and fisheries.

Hopi Lake Harbor, located in Hengchun town, lies on the extreme southernmost tip of Taiwan. Its harbor enjoys the advantage of a natural location, surrounded by rich resources, and is ideal for developing fisheries. Kenting National Park embraces this harbor in its progressing administrative area. Thanks to the efforts of the Pingtung County Government, the harbor provides facilities for tourism, as well as education and shopping. Its fisheries market, bursting full of visitors during the weekends, is an extremely active place for marketing different kinds of marine products.

Pingtung Plain is a Basket of Delights

The second largest plain in Taiwan blessed with fertile earth, Pingtung enjoys constant rainfall and sunshine, which explains why its fertile land yields fine quality agricultural products.

Agricultural products such as pineapple, mango, papaya, lemon, dragon fruit, flowers and onions are well-known in the global market. But "dendrobium" (a species of orchid) in the north of Pingtung and the Black Pearl wax apple from Linbien and Chiuzu are two products that face challenges with Taiwan's WTO entry.

The initial impact on agriculture from Taiwan's WTO entry is expected to be reduced with the Pingtung County Government having taken several effective measures such as the integration of local product promotions with various festivals. This has helped enhance the image of Pingtung's agriculture. The Miss Black Pearl Contest, the Tropical Fruits and Flowers Festival, and Onion Carnival, just to name a few, provide a chance for participants to exchange technology and marketing ideas.

The "Green Harbor" involves the joint effort of 30 farmers' associations and fishermen's associations are established in Fengliao. Visitors to Kenting and the National Museum of Marine Biology and Aquarium can enjoy Pingtung's typical agricultural products and seafood. With this smart marketing strategy, the Pingtung County Government hopes to combine agriculture with tourism to generate more profits.

In terms of distribution channels, the County Government collaborates with local agricultural and fishery associations to aggressively implement e-commerce. An integrated distribution network strives to market Pingtung local products more efficiently.

The Pingtung Processing Zone, located in the Liukuaitso Farm started its construction with President Chen hosting the ground breaking ceremony in October 2001. The zone hopes to generate investments in low pollution, low energy consumption and high added value. The investments are expected to bring in more than 40,000 job opportunities and help upgrade traditional industry.

Husbandry has been a developed industry in Pingtung for decades. Raising pigs, chickens and ducks raise bigger revenues than raising other animals. Collaborating with academic circles in improving the environment and technology, Pingtung is well able to develop its industry in a more professional way.

The Pingtung County Government announced that an industry development center is approaching completion.

The facility consists of a service center, a workshop and a performance venue, and was designed to promote the development of industries that leverage the unique cultural attributes of the Linali, a tribe that resides in Pingtung County.

Since the destruction wrought by Typhoon Morakot in 2009, the local government has been striving toward rebuilding the area, establishing numerous permanent housing solutions for the local populace afflicted. Plans include an industry development center to provide a foundation for sustainable revenues for the area.

After consulting a multitude of tribes residing in the region, the facility is poised to showcase the unique cultural attributes of the county's aboriginal tribes through commercialized arts and crafts such as woodcarving, knitting, leather works and pottery.

The facility is expected to become an important milestone in rebuilding the disaster-afflicted region.

TAINAN

Tainan is one of the island's best cities in terms of preserved and restored landmarks and ancient, historic structures. The city is remarkably independent in the way it is developing, given its keen desire to transform itself into a modern all-inclusive city while maintaining its historic, spiritual, and cultural richness. As such, it faces unique challenges, especially in its oldest neighborhoods. However, it has been doing an outstanding job and should be applauded for its tenacity and determination in holding to its goals. Industrial expansion into bio-tech, high-tech, agriculture/aquaculture tech, and eco-tech are its main priorities, with growth in tourism to round out its attraction for investment and relocation in Tainan takes time and vision. Having a very capable administration and excellent leader in Mayor Lai, great education facilities, and some of the island's strongest business leaders gives it a formidable foundation on which to build their collective dream city. It is also one of Taiwan's least vulnerable cities to natural disasters. The island's second Dream Mall, located in Tainan, will be completed by the end of this year, and will include a planned high value residential area surrounding it. Tainan has been quite aggressive in its construction projects during the past couple of years. The results are coming into focus now as many projects near completion. In fact, there is so much going on

in terms of development projects in Tainan, that it has been decided to provide the full English report (all 72 pages) as a downloadable file on our web site (www.amchamkaohsiung.org). Tainan is aiming to be the most attractive location in Taiwan for high-tech R&D and manufacturing, bio-tech, agro-tech, and more. At the same time, the city hopes to retain its historic base, cultural charm, natural beauty, and lifestyle. This will not be easy, but you can rest assured that Tainan will do everything possible to reach those lofty goals.

The Short List of Projects

Smart Taiwan Project: Open Data Platform

Smart Tainan Project: Wireless Broadband Construction

City Marketing (Department of Information and International Relations)

1. Guidance and management of mass communication to maintain boni mores to improve cable TV service quality, and protect the rights and benefits of subscribers.
2. Enhancement of the position and international awareness of Tainan City and marketing Tainan City with international-class natural tourism resources and quality agricultural and fishery products.
3. Implementation of an international exchange platform to promote city exchange and visits of foreign countries.
4. Diversification of urban policy promotion to enhance administrative efficiency.

Education System Optimization, Low-Carbon Campus, and Lifelong Education (Bureau of Education)

1. Implementation of 12-Year National Fundamental Education
2. Teaching Quality Enhancement Program for Elementary and Junior High Schools
3. Teacher Evaluation for Professional Development
4. 2013 Tainan City Low-Carbon Demo Campus Mark Certification Pilot Program
5. 59410 Resource Exchange Network Implementation Plan
6. Establishment of the "Tainan City Student Lunch Self-Governance Regulations" and Development of Five Food Education Kits
7. Establishment of the Tainan City Environmental Education and Research Center
8. Library Optimization Plan

9. Building Senior Citizens Learning Center
10. Project for Promoting Digital Care in Remote Areas of the Ministry of Education
11. Tainan Astronomical Education Area Opening Plan
12. Astronomical Science Rooting Plan
13. Yonghua Citizen Sports Center
14. Asia-Pacific International Baseball Training Center
15. Forming the Tainan City Baseball Team
16. Organization of the 2014 National Disabled Game in Tainan
17. Enabling Smart Classrooms
18. Digitization of Teaching and Learning Resources
19. Night Angel Lighting Project
20. Implementation Plan of the National Family Education Consultation Hotline; Implementation and Promotion of Constructing a Counseling Network for Families Most Extremely in Need of Care

4. New Agricultural Planning, New Rural Planning, and New Farmer Planning (Bureau of Agriculture)

4.1.1. New Agricultural Planning: Develop quality branded rice; establish a modernized vegetable production area, grain production area, fruit production area, and floral production area; promote and establish the aquaculture production area; provide guidance of culture models with high biosafety; promote low-pollution animal husbandry and deodorization; and encouraging ranches to use local feeds.

4.1.2. New Rural Planning: Encourage application for rural regeneration, retain rural culture and green/beautify rural communities; develop agricultural and industrial culture; develop tourism and leisure fishing harbors; and optimize the intake and drainage canals and road network.

4.1.3. New Farmer Planning: Recruit new farmers; update the agricultural expert think-tank; organize agricultural expert workshops and farmer training courses; run a guidance team to provide consultation and guidance services for new farmers; and guide new farmers to establish stable sales channels.

4.1.4. Fallow Revitalization Planning: Promote crops with export potential; promote import alternative crops; develop local specialty crops; and establish professional farmer guidance plans.

4.1.5. Agricultural Product Marketing System: Establish a modernized agricultural product marketing center and promote the TNCG agricultural product certification mark.

4.1.6. Safe Agriculture: Inspect feeds used by animal husbandry and aquaculture; reinforce dead ranch animal and poultry management; examine residual pesticide in crops; and inspect organic agricultural products.

4.2.1. New Agricultural Planning: Guidance for the branded rice; grain production and marketing for growing corns, sesames, black beans, and sweet potatoes; establishing a vegetable production and marketing for tomatoes, green soybeans, and leafy vegetables; establishing a fruit production and marketing for mangoes, pineapples, papayas, and shaddocks; and establishing a floral production and marketing area for growing flamingo flowers.

4.2.2. New Rural Planning

(1) Encouraging application for rural regeneration: The rural regeneration project of 35 communities has been approved and announced, with 23 communities receiving an aid of NT\$228.4 million.

(2) Retaining rural culture and rural greening and beautification: Tianliao Community in Yanshuei District; Longsing Community in Longci Community; Bitou Community in Guanmiao District; and Yanping Community in Jiali Community. An additional five communities will receive greening and beautification aid to increase green coverage of 2,619m².

4.2.2.1 Developing agricultural and industrial culture

Fourteen industrial cultural activities have been organized, including the pineapple harvest ritual, lotus festival in Baihe, flower sea festival in Anding, tomato festival in Yanshuei, strawberry festival in Shanhua, shaddock festival in Madou, Kungsiwan agricultural fair in South District, milk festival in Liouying, the watermelon festival in Siaoja, white wax apple festival in Sinshi, asparagus festival in Anding, Bai-e festival in Zuojhen, pasture festival in Zoumalai, and the green soybean festival in Sinshi.

4.2.2.2 Building tourism and leisure fishing harbors

4.2.2.3 Optimizing intake and drainage canals and road networks

4.2.3. New Farmer Planning:

(1) Recruiting new farmers and updating the agricultural expert think-tank. So far, guidance has been provided for 264 new farmers engaging in growing fruit trees, rice, grains, and vegetables.

- (2) Organizing agricultural expert workshops and farmer training courses: Organized eight sessions of New Farmer Planning: Farmer Training Course for green agriculture, asparagus, and government agricultural resources for new farmers.
- (3) Running a guidance team to provide consultation and guidance services for new farmers: Provided guidance for new farmers to participate in the “Young Farmer Program Guidance Plan: Agriculture in Time 2013’ and ten were recruited to the program.
- (4) Guiding new farmers to establish stable sales channels: Organized two press conferences on seasonal agricultural products for new farmers growing asparagus, sponge gourds, organic pineapples, and organic mangos, non-toxic lotus seeds, organic vegetables and fruit, and organic rice.

4.2.4. Fallow Revitalization Plan

- (1) Promoting crops with export potential: Green soybean contract farming at 86 hectares; carrot contract farming at 411 hectares; and burdock contract farming at 61 hectares.
- (2) Promoting import alternative crops: Flint corn contract farming at 4,114 hectares, forage corn contract farming at 5,627 hectares, and fuel cane contract farming at 464 hectares.
- (3) Developing local specialty crops: Growing local specialty crops at 8,621 hectares.
- (4) Establishing professional farmer guidance plans: 75 professional farmers received guidance.

4.2.5. Agricultural Product Marketing System

- (1) Establishing a modernized agricultural product marketing center: The assessment and selection of the new site for the vegetable and fruit market of Tainan Agriculture Product Marketing Corporation have been completed.
- (2) Promote the “TNCG Agricultural Product Certification Mark”: The guidelines for operation have been established and mark selection is in progress.

4.2.6. Safe Agriculture

- (1) Inspecting feeds used by animal husbandry: The target for 2013 is 200 samples, and 152 samples in the jurisdiction have been examined.
- (2) Inspecting feeds used by aquaculture: The target for 2013 is 77 samples, and all 77 samples were examined (including 2 samples found fail in the re-examination of crude protein; and one sample found fail in crude fiber; all were punished).
- (3) Reinforcing dead ranch animal and poultry management: A total of 1,262 ranches and farms were examined, including 608 pig farms, 73 cattle ranches, and 581 poultry farms. Two sessions of training on proper management of dead ranch animal and poultry and related laws and regulations were held, with 110 participants.
- (4) Examining residual pesticide in crops: A total of 160 agricultural products were examined, with an achievement rate of 80%.
- (5) Inspecting organic agricultural products: A total of 214 items were examined, including 126 labels and 88 products, with an achievement rate of 71%.

5. Sustainable Development of the Green Water Cultural and Tourism City (Bureau of Urban Development)

- 5.1. Yenhang Junior High School Development Project.
- 5.2. Army Artillery and Missile School Development Project
- 5.3. Yongkang Logistics and Trans-shipment District Project
- 5.4. Sinying Jhangsheng Barrack Re-development Project
- 5.5. Madou Industrial Zone Urban Re-zoning Project
- 5.6. Yongkang District Urban Planning General Review
- 5.7. Sinying Urban Planning 3rd General Review
- 5.8. Yongkang Feiyan Community Urban Regeneration
- 5.9. China Town & Tainan Canal Diamond Urban Regeneration Project
- 5.10. Tainan City Transformation Master Plan (5th general review)

5.11. Urban Planning Alteration (Phase I) for the Tainan City Railway Underground Project

5.12. Tainan City Transformation Master Plan (with reference to the Taijiang National Park Project) General Review

5.13. Tainan City Transformation: East District Detailed Plan (2nd General Review)

6. Cultural Capital and Creative City (Cultural Affairs Bureau)

6.1. Tainan Arts Museum (major and international project)

6.2. Tainan Metropolitan Museum Park: Chimei Museum ROT (major and international project)

6.3. Taijiang Cultural Center (major project)

6.4. Outsourced Operation of the Lin's Department Store (major project)

6.5. Ripples and Waves: Cheng-po Chen Exhibition (major project)

6.6. Soulangh International Art Village and Tsungyeh International Art Village (international project)

7. A City with Convenient, Humanistic, and Efficient Transportation (Bureau of Transportation)

8. Charming City and Tourism Paradise (Tourism Bureau) includes; Medical Tourism Promotion, Tainan Gourmet Food & Specialty Food Promotion, Anping Harbor and Tainan Canal Cruise, Hospitality Industry Quality Improvement, Easy Tourism and Travel, Tainan Special Interest Tourism, and Tainan Warm Spring Tourism Branding

8.1. Tourism Highlights

Tourism business solicitation and Tainan and Yanshuei old street pedestrian area building projects were organized to attract investments or outsource the operations of numbers of local attractions, such as the Hutoubi Scenic Area Youth Activity Center, Golden Coast Boathouse, Deyuanbi Dutch Village, Hulubi, and Shuangchun Coastal Recreational Area.

9. Building a Perfect Settling Environment for Business Talents (Labor Affairs Department) "Talent is the key to success in future city competitions!" In the city governance plan of Mayor William Ching-te Lai, to attract businesses to invest in

Tainan and worldwide talents to return Tainan and to build a glorious and inhabitable city are the first targets for the moment. Therefore, the Labor Affairs Department aggressively helps enterprises to resolve labor shortage and provide a safe and friendly employment environment by creating an environment favoring the “salmon run”, foreign investments, and talent settlement.

- 9.1. Convenient, Free, Real-time, and Custom Employment Services
- 9.2. Talent Pool for Persons with Disabilities
- 9.3. Strategic Guidance for Talents to Return to Tainan
- 9.4. Creating A Safe and Friendly Work Environment
- 10. Building Canals and Remediating Floods (Water Resources Bureau)
 - 10.1. Water Disaster Prevention and Control Plan for Flood-Prone Areas
 - 10.2. Temporary Remediation of Regional Drainage under Local Government Administration
 - 10.3. Flood Prevention Surveillance Automation
 - 10.4. Water Resources Recycling Center
 - 10.5. Shanhai Drainage Trail
- 11. Road, Park, and Infrastructure Construction (Public Works Bureau)
 - 11.1. Road Construction
 - 11.1.1. Expressway Construction

Three national highways run across Tainan City (Nos. 1, 3, and 8). Although all three have been completed, the three expressways in the city (Provincial Highway Nos. 61, 84, and 86) are incomplete. The construction of the section of Provincial Highway No. 84 connecting Provincial Highway Nos. 61 and 19 is still in progress, and full highway service will start in 2014. The construction of the section of Provincial Highway No. 86 connecting Wanli to Golden Coast is still in progress, and full highway service will start in 2013. The construction of the section of Provincial Highway No. 61 connecting Badongliao and Jioukuaicuo is still in progress, and full highway service will start in 2016.

11.1.2. Interchange Expansion

The TNCG plans to add interchanges in Liouying and Dawan and improve Rende Interchange with a total amount of NT\$1.832 billion. The construction of Liouying Interchange was initiated on 31 March 2012, and the interchange will be completed in June 2014. This interchange benefits the transportation of Sinying District, north of the Cengwun River; the development of Liouying Industrial Park; the tourism development of Siraya Scenic Area; and emergency medical and rescue. The Dawan Interchange and Rende Interchange can reduce the traffic load of the access roads to Yongkang and Rende interchanges and solve the traffic congestion problem at the ramp of Tainan Interchange. With these interchanges, the road network and transportation hub of Tainan City will be completed to make life more convenient and promote local economic development. Both interchanges will be completed by 2015.

11.1.3. Living Perimeters Road Construction Project

The TNCG strived for the Tainan City Living Perimeters Road Transportation System Construction Project 2009-14 from the central government. The total amount for 38 construction works is NT\$17.144 billion. The aim of the project is to enhance the driving efficiency of the local road system and to complete road construction along with the achievement of urban development, so as to ensure convenient local transportation and promote local development.

By October 2013, the construction of 23 roads with a total of 29,506m in the living perimeters has been completed, with a construction amount of NT\$8.3788 billion. The construction of Roadwork 2-7 (Beian Road to Anhe Road) with a total of 4,690m was completed in 2013. The construction of other roadwork projects will continue or and planning is in progress. All 23 roads will be completed by the end of 2014.

11.1.4. STSP Access Road Construction Project

As the capacity of access roads to the STSP is inadequate to handle the increasing traffic when industrial development has been thriving over the past decade or so, traffic congestion is common. To prevent transportation problems from deteriorating park enterprise competitiveness, the TNCG aggressively promotes STSP access road expansion to construct a complete transportation system for the STSP and STSP special zone, to effectively solve the access problems of both facilities, and to promote the balanced development of Tainan metropolitan area.

11.1.5. Tainan City Road 2-7 Development Project

Tainan City Road 2-7 runs east to west in the metropolitan area of Tainan City. In the present planning, the road starts from the county-city boundary near Provincial Highway No. 61 in the west and ends at the boundary of Annan District and Yongkang District by the Yanshuei River in Tainan City. Taijiang Boulevard (60m wide from Provincial Highway No. 17 to Provincial Highway No. 17A has been built) and the east section (from Provincial Highway No. 17A to Provincial Highway No. 19 (Anhe Road) have been completed. The section from Anhe Road to the northern access road in the metropolitan area and the section from Provincial Highway No. 17 to Cingcaolun Dike at the Cengwun River are in progress and will be completed in 2015. Road 2-7 will be the main access road to the STSP after completion to provide transportation from National Highway No. 8 to Provincial Highway No. 17; facilitate citizens to travel to tourist attractions in Anping Harbor, Zongtouliao, Sinji, Heshun Industrial Park, and Annan; and promote economic development in Annan District.

11.2. Park Construction

11.2.1. Pingshi Barracks Central Park Renovation Project

Occupying an area of about 44.19 hectares, Pingshi Barracks, owned by the Ministry of National Defense (MND), is located at the intersection of Jhonghua Road and Siaodong Road in East District. The TNCG began long-term development of the barracks with the MND and announced and implemented the urban planning of the area after the county-city merger in June 2011. At present, city land re-zoning is in progress by the Land Administration Bureau, and development is projected to complete in June 2015

11.2.2. Lioujia Park Development Project

The project site with a total area of 3.26 hectares is located northwest of the downtown area of Lioujia District bordering Heping Street in the east. With total project cost at NT\$33.61 million, the park of 210m long and 150m wide will include park facilities, green space, and an ecological water storage basin. After completion, the park will become a large outdoor recreational and leisure space for local citizens of all age groups. In addition, the park will be an asylum in disasters and the ecological water storage basin will be a flood retention basin. The construction is in progress and the project will be completed by December 2013.

11.2.3. Barclay Memorial Park Expansion Project

With the continuous effort of locals and the government, Barclay Memorial Park has become an ecological park with rich ecology and plant diversity. To continuously expand the leisure environment, the TNCG has planned 5.8 hectares of park land in the adjacent Southern Tainan Sub-City Center Project in East District to expand the scope of the park and link up the park with the open space of Chongming Elementary School and Chongming Junior High School. They will also link up with the culture center in the west to become a water front ecological park. This project will continue with the biodiversity of the park, the art and cultural functions of Tainan Culture Center, and the construction of the Southern Tainan Sub-City Center Project to link up with the schools and living functions in the neighborhood. This project will also grow 1,000 cherry blossom trees donated by civic groups for citizens to experience different park characteristics and to provide a green place for recreation and leisure for citizens living in Southern Tainan sub-city center. The total project fund is NT\$48.88 million. The project will be completed at the end of June 2014.

11.3. Project Construction

11.3.1. Yongkang Army Artillery and Missile School Development Project. To promote local development and provide a site for the “Yongkang Creative Design Park”, through the operation of the TNCG and the MND, Mayor William Cing-de Lai and the national defense minister signed an MOU on 12 September 2012. Since then, the TNCG has aggressively implemented related construction projects and assessed related land acquisition and assisted Yongkang Army Artillery and Missile School in relocating to Guanmiao to synchronize the land development project of the “Yongkang Campus” and construction project of the “Guanmiao Campus”, so as to facilitate fund dispatch and shorten development duration.

11.3.2. Veranda Clearance Project

The Veranda Clearance Project was activated on 19 December 2012. The aim of the project is to “ensure pedestrian safety and increase shop profits”. It started with a minimum of 1.5m clear space. Historical monuments and busy business areas were selected as demo sites. To encourage citizens to voluntarily join the project, we organized the “Friendly Veranda Competition” to provide citizens with an opportunity to review the living environment around them and thereby to identify with the vision to turn Tainan into a friendly city for strolling.

12. Build a quality industrial environment, and promote and boost industrial development. (Bureau of Economic Development)

12.1 The plan for Tainan City Industrial Cluster, Biotech Green Energy, Fashion Industry

12.2 Strengthen Japanese investment invitation

12.3 Accelerate global investment invitations

12.4 Promote the Anping Port Free Trade Zone and Free Economic Demonstration Zone

12.5 Promote the Tainan International Exhibition Center Plan

12.6 Promote the development of Xinji Industrial Park

12.7 The Development of Qigu Technology and Industrial Park

12.8 Restoration and rehabilitation of 7 old industrial parks NT\$186.6 million total cost

***Details and status of each of the preceding projects can be found in the complete report.

New Business Opportunities for Business Development Projects, Plans, and New Economic Zones

"Tainan-Hong Kong international flights" made its maiden voyage on July 18th, 2013. In response to the globalized trend of cross-strait direct flights in the post-ECFA era, the city endeavors to continue to promote the Anping Port Free Trade Zone with concerted efforts of Taiwan International Ports Corporation, Ltd.

Anping Port is an international commercial port approved by the Executive Yuan. Geographically acting as a transpiration hub between Southeast Asia and Northeast Asia, Anping Port's hinterland covers Yunlin, Chiayi, and Tainan areas. The region is rich in agricultural and fishery production, and the industrial cluster effect is high. It is estimated that Tainan's agricultural and fishing products exported to China and Hong Kong amount to at least 2,500 tons every year. Currently, 80% are exported through the Kaohsiung Port, which not only increases product transportation costs, but also fails to put the business function of Anping Port to proper use. As a result, it is time-consuming and energy-consuming.

In 2012, Tainan City's total output amounted to NTD 2,551,700,000,000. 55% of the industries which have export demands are located within 10km from Anping Port. In the future, exports through Anping Port will enhance the time and cost advantages and increase the competitiveness of the industry as a whole.

Land Development Through Cooperation

1. High Speed rail Tainan Convention Center: The city government and the BHSR, MOTC engaged in cooperation to attract business investment. A multi-function complex exhibition center that can accommodate up to 600 standard booths is scheduled to be constructed by the developer on the precinct of High Speed Rail Tainan Station.
2. Free Trade Zone: Actively promote Anping Port free trade zone (or a free economic demonstration zone) and promote Anping Port to become an important port for the a southeast coast of China (such as Xiamen, Chuanzhou, Pingtan etc.) in order to engage in cross-strait direct shipping.
3. Dream Mall: The UniPresident Group and Tainan Spinning jointly established Dream Mall for which over NT\$10 billion was invested. It is expected that operations in the 4th quarter of 2014 will help create 5,000 jobs, thus boosting peripheral business district development.
4. 2013 PPIP cases: Major participation cases about to be developed or promoted or PPIP superficies cases.

Projects Approved by the Local Government Requiring Central Government Support or Fund Support

1. Open Data Platform: Request of cloud data space support from the central government for the cloud environment of the TNCG Open Data Platform.
2. Smart Tainan Project – Wireless Broadband Construction: In consideration of funds, projects funded by the central government will be prioritized in residential and business areas, such as the Small and Medium Enterprise Administration of the Ministry of Economic Affairs: South Region Creative Leisure Service Demo Site (West Central District).

Department of Information and International Relations

3. Although Tainan City was promoted to a municipality in 2010, as the TNCG did not amend related laws to adjust its financial policies, the scale of finance of Tainan City is below the standard of a municipality. Therefore, we are in great need of the financial support of the central government to promote various industrial, economic, and urban policies.
4. Request of funding from the Ministry of Education to expand the staffing of elementary schools and junior high schools to 1.6 teachers each class in academic year 2013 and to 1.65 teachers each class in academic year 2014. Suggestion: The MOE should subsidize the funds needed to increase teacher staffing to 1.6 teachers and 1.65 teachers each class.
5. Request of funding from the Ministry of Education for the reconstruction of old school buildings. Suggestion: Prioritize subsidies of the next year for schools with good overall performance in the current year.
6. Request of funding from the Ministry of Education for developing the National Cloud Platform Application and Development Project and share the outcomes with 22 counties and cities in Taiwan. Problems and suggestions: Although we have established a cloud computing center and tested the cloud with schools in the city, the scale of the cloud is not large enough for use by all schools in the country due to infrastructure limitations. Therefore, the MOE is suggested to continuously fund this city to develop software and purchase related hardware. The MOE can integrate heavier load to MOE's IDC for centralized management to reduce the maintenance cost of Tainan's IDC.
7. Tainan Arts Museum Project (Need Budget): Tainan City is the center of modern art development in Taiwan. The call for a fine art museum in the city has gone on for decades. To ensure local collection and exhibition of excellent art works of Taiwan; to promote fine art and esthetics in Tainan City; and to build a cultural special area for history, humanities, and fine arts in the old urban center, the TNCG has been aggressively planning the Tainan Art Museum. In terms of hardware, park area planning has been completed and international RFP and EPC contract ITT will continue. In terms of software, education, promotion, and art work collection and procurement are in progress. The Tainan Arts Museum Project in progress needs a fund of nearly NT\$2 billion and will need support from the central government if necessary. At present the TNCN is in the last discussion with the Ministry of Culture regarding the promotion of this project.
8. The TNCG activated the Rapid Transit Public Transportation System in 2012 to gradually develop the following six projects in six years (2013-18), including the BRT, rapid transit TRA, coach station development, flexi-transport, ticket integration, and advanced transportation system. As the financial power of the TNCG is limited, besides raising funds for these

projects, the TNCG needs great financial support from the central government. Therefore, the TNCG strives for related funds each year from the Ministry of Transportation and Communication through the Highway Public Transportation Development Project of the Directorate General of Highways, hoping to obtain more funds and support from the central government by collaborating with the promotion of the highway public transportation system.

Tourism Bureau

9. Assigning Anping District and Central West District as tourism districts: Plan Tainan City as a core tourism region and implement substantial tourism management to ensure the sustainable development of tourism in Tainan and promote the quality improvement and growth of tourism and related industries. Therefore, we need the central government (Ministry of Transportation and Communications) to pass the review and assigned these two districts into tourism districts as early as possible.
10. Jiangjyun Fishing Harbor Recreational Area BOT Project: In this project, areas near Jiangjyun Fishing Harbor, such as Mashagou Coastal Recreational Area, old Mashagou Harbor, and alluvial salt fields with tourism potential, will be developed into tourism and recreational facilities through the BOT model to promote local tourism development. In practice, we need financial support from the central government (Ministry of Finance) to fund the pilot planning, so that we can assign related professional service providers to plan the call for tender of this project.

Labor Affairs Department

11. Direct delegation of employment service to municipal governments: At present, the determination of unemployment and the payment of unemployment benefits under the Employment Insurance Act can only be accepted by the Council of Labor Affairs, Taipei City, and Kaohsiung City. Other municipal and local governments cannot handle related business. To provide citizens with convenient service and to enforce division of power, the CLA shall plan consistent unemployment service standards and assign related human, financial, and physical resources for all municipal governments to handle related business.

Water Resources Bureau

12. Strive for the Water Disaster Prevention and Control Plan for Flood-Prone Areas; Strive for establishing the regional drainage water level monitoring station and CCTV surveillance station; Strive for financial support from the Sports Administration to extend the Shanghai Drainage Trail to the STSP. The estimated preliminary construction cost is NT\$35 million.

Public Works Bureau

13. Tainan Metropolitan Area Northern Outer Beltway Project Phases II and III
To solve the traffic congestion problem due to insufficient access roads connecting the STSP as the working population increases, the TNCG has planned the Tainan Metropolitan Area Northern Outer Beltway Project to optimize local road service. The beltway starts from the embankment of the Yanshuei River south of Taiping Bridge on Provincial Highway No. 19. It runs eastward across the Yanshuei River to the embankment on the north bank toward the road under the road under the THSR Bridge over National Highway No. 1, Provincial Highway No. 1, and TRA Trunk Line. The project with a total length of 13.8km is divided into three phases. The estimated construction cost is NT\$10.6 billion. Phase I began on 21 March 2011. It starts from the embankment on the north bank of the Yanshuei River and runs southeast toward the road under the THSR Bridge across Provincial Highway No. 1 and the TRA Trunk Line. It is about 1.82km long and 31-47.5m wide. The length of the overpass is 850m, accessible from the ramp of Provincial Highway No. 1. The total contract cost is NT\$1,037,317,000. Phase I is projected to complete on 30 March 2014.
14. Anping Harbor Bridges Project. Two bridges running south to north across the fishing harbor and trade harbor are planned at the Yuguan Isle in the Anping Harbor National Historical Park. The total construction cost is about NT\$3.5 billion. After completion, the project can serve through traffic and visitors traveling to Anping to fulfill both tourism and transportation demands. In short of access roads, these bridges will become the alternative roads of Provincial Highway No. 17 to prevent local traffic from entering the urban area. Combined with the Anping Free Trade Harbor Project which exports industrial supplies from Yunlin, Chiayi, and Tainan, these two bridges will become the main access to the multifunctional international harbor.
15. West Coast Expressway Cengwun River Bridge Project. A new bridge running across the Cengwun River from Cingcaolun Dike at the intersection of Road 173 and Road 2-7 along West Coast Expressway is planned under this project. The bridge is 2.71km long, with the total construction cost at NT\$5.78 billion.
16. Tainan Railway 3-Dimensional Extension to Shanhua Improvement Project. Highly developed districts with rapid population growth such as Yongkang, Sinshi, and Shanhua were not included in the original railway underground project of Tainan City. In fact, the railway crossings in these districts have become local traffic obstacles since a long time ago. In addition, the railway and railway stations have partitioned the urban area. In this three-dimensional extension project, the railway in Yongkang District will go underground and the railway in Sinshi District will become an overpass. The entire length is about 10.6km. The project with a total cost of about NT\$42.66 billion will demolish three overpasses, seven crossings, and one subway.

17. Sinying 3-Dimensional Railway Improvement Project. The original railway underground project focused only on the urban area and ignored major CBDs north of the Cengwun River. The railway crossings in Sinying District have become local traffic barriers for a long time. In addition, the railway and railway stations have partitioned the urban area. In this three-dimensional extension project, the railway about 7 km long in Sinying District will become an overpass. The project with a total cost of about NT\$4.27 billion will demolish two overpasses and six crossings.
18. Construct a park for fashion creation and speedy design sampling. Tainan City is the stronghold of textile and footwear. Tainan's fashion industry is currently faced with the plight of talent and manpower shortages. If a park for fashion creation and base sampling are available, talent cultivation and training can be facilitated. In addition to keeping up with the rapidly changing global fashion trends, it is one of the policies for promoting "Three Industries and Four Reforms".
19. Construct Tainan International Exhibition Center. The BHSR Investment Invitation Plan was approved by the Ministry of Transportation and Communications on September 3rd, 2013. On October 28th, the commercial area investment invitations were announced, and the exhibition facilities were listed as the additional projects in the investment invitation case. In order to assist in investment invitation tasks, the city government took initiatives to visit potential investors to collect relevant opinions for BHSR's reference. Moreover, BHSR was requested to promptly donate the first investment invitation announcement for land in the industry-exclusive area. Further, close contacts with BHSR will continue to be done, and the case will be actively promoted to complete Tainan International Exhibition Center before the end of 2016.
20. Old industrial park updates. Continue to file subsidy applications at Industrial Development Bureau, Ministry of Economic Affairs for funds needed for the local government to update old industrial parks, assist the city in activating the industrial park lands, improving the investment environment, revitalizing the local economic activities, enhancing land productivity and promoting industrial upgrades, thereby generating a greater momentum for economic development.
21. Modernized and internationalized recreational parks. Tainan City boasts many popular historical sites for travel, such as the Eternal Golden Castle, Chikan Towers, Confucius Temple, etc., which are popular for international tourists. Hence, the strengthening of targeted recreational places can help enhance business services and functions. However, the city desperately needs the support of the central government for resources and joint promotion of commercialization and modernization (e.g., information telecommunications applications, hardware environment set-ups in the business district, guide in multiple languages and joint sales through store owners, establishment of an

information platform etc., in order to provide the locals and international tourist travelers with complete information regarding in-depth travel in Tainan and experiential marketing. Tainan City is expected to become an internationalized venue for cultural and recreational services, which will in turn promote Tainan's economic development.

What are the problems in regional development?

- (1) Creation of an international seaport and airport: Although Tainan Airport and Anping Harbor are the international gateways of this city, due to the geographic factors of the harbor and the combined military and civilian use of the airport, none of them can demonstrate the international gateway function. Tainan City is the historical and cultural capital of Taiwan, how to shape the city into a charming city in Asia, promote regional cooperation in southern Taiwan, and construct an international gateway in southern Taiwan are important issues.
- (2) Integrated spatial development of the country-city boundary: There is a structural change in the city's overall space after the county-city merger; particularly when the county-city boundary does not exist anymore. As this old boundary may become a new core area connecting both parts of the city, integrated spatial development is an urgent issue.
- (3) Relief of traffic bottlenecks and improvement of public transportation: Traffic congestions are often found in the old boundary area, particularly in rush hours. This needs an immediate solution. In addition, to develop high-performance, green and convenient rapid transit public transportation to fulfill the transportation demands of the urban and rural areas will be the ultimate transportation target of this city.
- (4) Revitalization of industrial zones and enhancement of industrial competitiveness: Industrial and economic growth is the main momentum of city development. Facing international and local industrial competitions and challenges, how to benefit and cultivate high-tech industries with local characteristic resources, revitalize idle industrial zones, and avoid illegal land use are the major issues to maintain sustainable development of this city.
- (5) Flood prevention reinforcement and climate change adaptation: Climate becomes increasingly extreme worldwide. There are mountain, sea, and plain landforms in this city with 45,000 hectares of flood-prone areas, one third of total flood-prone areas in Taiwan. To build a safety city, it is necessary to reinforce flood prevention and climate change adaptation.

(6) Maintenance of the food production environment in Chiayi and Tainan Plain: Tainan is the major food production base of Taiwan. As food safety is one of the main national security issues, to prevent the continuous loss, fragmentation, and penetration of quality farmland, to maintain a good food production base is an important issue to Tainan City.

(7) Conservation of natural ecology and environment: About three quarters of land in Tainan City are located in the rural. Therefore, there is rich animal and plant ecology in this city. As more than 90% of the city's territory are ecologically, culturally, disaster, and resource sensitive areas, when development this city, it is necessary to maintain environmental conservation.

(8) Prioritization of adaptive urban and rural development: There are rich landscape resources in Tainan City, and local urban and rural developments are heterogeneous. After the county-city merger, therefore, it needs a long-term, integrated, and purposive instructional plan to guide the organized and healthy development of the city.

What are the plans and problems in cultural exchange and education development?

1. International Participation of Cultural Issues

Tainan City participated in the League of Historical Cities (LHC) in 2012. Based on past experiences, we are afraid that China will suppress Taiwan's international status and the existence of Taiwan as a sovereign state at 14th League of Historical Cities Convention (LHC 2014) held in Yangzhou, China.

2. Political Shadows of Cross-Strait Civilian Exchange

Exchange has become increasingly frequent across the strait in recent years, including culture, tourism, art, and religion have become exchange issues. However, both the Chinese government and Chinese civilian groups hi-jack the role of the public sector or degrade the exchange level in religious and tourism exchange activities (e.g. compare Tainan as a municipality with a local government and Taiwan as a sovereign state with a province) to shape cross-strait exchange into inter-province or inter-county exchange. As exchange usually carries a positive image and brings business opportunities to local areas and people, the situation will be embarrassing with the open objection of the public sector.

3. Difficulty in Official Alliance

Taiwan needs help from allies, including the USA, in international cultural exchange. In lack of official diplomatic relations with many countries in the world, this city has problems in launching official alliances in international exchange. In the cultural cooperation with Hirado City of Japan for example, in consideration of the diplomatic relations with China, Hirado City refused to sign the cooperation agreement through the mayor of both cities and asked Mayor Lai to sign the agreement with other civilian groups. In addition, it is necessary for the USA to adjust its Taiwan diplomatic policy that has not been changed for decades.

4. Local Culture

4.1. Related exchange plans

(1) From November to December each year, we organize the Hakka Culture Tour to invite Hakka performing groups to perform at schools and promote the exchange and education of Hakka culture and language. Each year the event tours to 10-15 schools for more than 3,000 students and teachers for non-Hakka people to better understand the language and culture of Hakka people.

(2) From October to November each year, we organize the Aboriginal Culture Tour to invite outstanding aboriginal performing groups to perform at schools and promote the exchange and education of aboriginal culture and language. Each year the event tours to 15-17 schools for more than 2,000 students and teachers to promote better understanding and exchange among ethnic groups.

(3) We have constructed the Yuhuatai mother language learning resource station for students to learn the greeting words in the language of different ethnic groups. On the International Mother Language Day (February 21) each year, we arrange cultural performance for different ethnic groups for languages to blossom, so as to promote better understanding and shorten the gap among ethnic groups.

4.2. Problems in local culture development: Lack of instructors and teaching materials of the native language (including Pingyin). We are looking for support in instructors and teaching materials for Romanization.

5. Cloud Development

We hope to develop numbers of reliable cloud computing systems. This needs a lot of technical professionals. As human resource dispatch in the public sector is not as easy as in the private sector, we suggest that adequate professionals should be dispatched to develop related systems to prevent projects from being delayed by human resource inadequacy.

What were the infrastructure projects in 2013?

What are the further plans in 2014, such as water resource management, roadwork, parking improvement, and public transportation improvement?

1. Transportation (Bureau of Transportation)

Regarding infrastructure construction, we checked all bus stops in the city and drew the handling principles and plan this year. Based on the inspection results, we have prioritized the removal of old bus stops and replaced them with “bus stands”, “stand-alone smart stands”, and “new-styled signs.” To provide citizens with more comfortable and convenient bus service, numbers of hardware facilities were completed in 2013, including the installation of 121 bus stands, 720 new-styled bus stop signs, and 144 dynamic bus information displays; the renovation and construction of four bus stations, and the addition of 14 general buses, 6 medium buses, and 13 low-floor buses to service. In 2014 we will continue to replace old hardware facilities and old buses in the city.

2. Charming City and Tourism Paradise (Tourism Bureau)

2.1. Projects completed in 2013

(1) Yenshan Entrance Image in Cigu.

(2) Baihe Circular Bikeway.

(3) Restoration of the Liouisi Pilgrimage Route in Baihe

2.2. Projects projected to complete in 2014

(1) Tainan History Excursion Space Building: Full review of the sign and indicator system of the Tainan History Excursion Route. Repair 120 signs (including re-coasting of 48 signs). Add 50 signs and related facilities as necessary. Update travel information. Install manhole covers with Tainan cultural characteristics along the excursion route and decorate transformer boxes on the route with pictures

expressing Tainan image to improve the atmosphere along the excursion route. The project will be completed in March 2014.

(2) Yenshui Yuejin Town Recreational Space Improvement: Promote the circular guided tour route in Yanshuei. Install guided tour signs and information signs along the route for visitors to explore attractions such as the Yuejin eight wonders, Bajiao Building, and Ciaonan Old Street in self-service tours. About 28 signs will be installed by means of levers (including re-coating of old signs). Related guided tour facilities (about 10) will be added. Travel information will be updated. Full information (7 spots) about Yuejin eight wonders will be provided with existing facilities and terrace houses. Transformer boxes in the neighborhood will be decorated (about 100 boxes). The project will be completed in April 2014.

3. Building Canals and Flood Management (Water Resources Bureau)

(1) Completion of related phases of the Water Disaster Prevention and Control Plan for Flood-Prone Areas.

(2) Completion of related phases of the Temporary Remediation of Regional Drainage under Local Government Administration Project.

(3) Completion of related phases of the Flood Prevention Surveillance Automation Project

(4) Completion of the Pumping Station Operation Surveillance System Planning

(5) Enhancement of the Operation and Equipment Function of Water Resources Recycling Centers

(6) Enhancement of sewer connection rate after the county-city merger.

(7) Shanghai Drainage Trail Reengineering and Integration Project.

4. Bridge Construction and Road Smoothing Project (Public Works Bureau)

4.1. Bridge Construction Projects

To provide citizens with convenient traffic, to cope with canal remediation, and to facilitate the construction of local projects, the Public Works Bureau (PWB) is actively involved in bridge reconstruction and improvement works. Since the county-city merger on 25 December 2010, the PWB has completed the construction or reconstruction of 21 bridges, and there are six more in progress. In total the PWB has implemented the 27 bridge construction and reconstruction projects with a total

construction cost at NT\$1.81519 billion. The cost for the reconstruction of three bridges in Houbi District, including Houbu Bridge, in 2013 was NT\$243.26 million.

To continuously implement bridge construction projects, the Tanyong Bridge Reconstruction Project in Sinshi District will be implemented in 2014. After land expropriation in 2014, the reconstruction work will start in 2015. The construction cost of this 60m long bridge will be NT\$58.4 million. After project completion, the inundation problem of the old bridge site will be solved.

4.2. Road Smoothing Project

To provide citizens with a comfortable, convenient, and safe walking and driving environment, the TNCG aggressively enforces the Road Smoothing Project from 2010 to 2014 with a budget of NT\$1.4 billion to smoothen about 80km of road surface. In 2010 a total of 18 sections on Dongning Road in the East District were completed. In 2012 a total of 13 sections on Jhonghua Road Section 1 in South District were completed. Altogether a total of 31 sections with about 47km long and 940,000m² were smoothened, including the burial of 4,241 manhole covers. Test results show that the average flatness is 1.71mm, complying with the 2.4mm national highway standard.

The Road Smoothing Project continued in 2013, including pavement renewal of 17 sections on Gongyuan Road with a total 22km long. An additional budget at NT\$300 million will be planned for 2014 to renew the pavement of 19 sections on Beimen Road with a total of 18km long. After project completion, a total of 90km will be smoothened to significantly improve the road service quality for citizens and to maintain substantial road safety.

4.3. Tainan City Flower Festival 2014

The PWB organizes the Tainan City Flower Festival every year. Tainan City Flower Festival 2013 was held at Tainan Park, Green City in Tainan Park, and Jiali Jhongshan Park at the same time. Based on the theme "Flowers Blossom in the Ancient Capital", 800,000 flowers from more than 150 species were displayed based on the idea "Charm in Tainan", which were a quarter more than in the previous festivals. Combined with scheduled guided tours, music, art performances, and handicraft classrooms, adults and children could stroll in the garden, watch shows, try craft, and taste something new. The visitor count in 2013 exceeded 1.41 million.

The PWB plans to organize the festival again in February 2014 with the resources of large parks in the city for citizens to release their stress and relax in the flower city and enjoy the most comfortable leisure space brought by sunshine and beautiful flowers. In addition, the TNCG plans to transform these parks into botanical gardens by planting flowers displayed at the festival in these parks to gradually form theme botanical sites. This can help to reduce subsequent festival construction cost and encourage resource reuse. Most importantly, this can make Tainan different from other cities and transform the city into a flower city.

Other Important Items

Honors and Prizes in 2013 (Public Works Bureau)

1. First Prize in 2012 National Urban Road Maintenance Performance Evaluation: The Construction and Planning Agency (CPA) of the Ministry of the Interior (MOI) began the urban road maintenance performance evaluation in 2007. The PWB is ranked among the top three prizes every year. After winning a second prize in 2011, the PWB was ranked the first prize in 2012.
2. Golden Highway Award 2013—Local Government Bridge Maintenance Awards: The Ministry of Transportation and Communications included local governments in the Bridge Maintenance and Management Evaluation in 2007. From then on, the PWB won the Golden Highway Award each year. It was the sixth time for the PWB to win the award in 2012. In fact, the PWB is the only public works agency of all five municipalities to win this award for six years.
3. Anping Harbor National Historical Park: The PWB won the FIABCI Prix d'Excellence 2013 for connecting the lake and harbor areas to create a natural water view in the historical park.
4. FIABCI Taiwan Real Estate Excellence Award 2013: The PWB won a total of 14 awards from the event, including 3 gold awards 11 excellence awards.
5. 2012 Friendly City Sidewalk Award: Ranked the second in Taiwan in the urban sidewalk accessibility evaluation conducted by the CPA, MOI, and won the 2012 Friendly City Sidewalk Award.

Taiwan's Tobacco Industry

1. **Issue 1 : Recommend that the government carefully and comprehensively evaluates its tobacco tax policy in order to reduce market disruption and protect the interests of the lawful tobacco industry.**

The tobacco industry has always supported moderate, reasonable, and predictable tobacco tax policy. A transparent and open tax system would not only safeguard the lawful tobacco market from the disruption caused by illegally traded cigarettes, but would also help achieve the government's public health and tax policy objectives.

Without a moderate, reasonable, and predictable tobacco taxation policy, the illicit trade in tobacco products would further develop and become more difficult to control, further damaging the investment environment for legitimate businesses. Taiwan's illicit tobacco market is dominated by illicit whites, which are smuggled tobacco products usually concealed among small quantities of lawful imports. In accordance with a large-scale empirical survey of Taiwan's illicit trade environment commissioned by the Tobacco Institute of the Republic of China illicit trade has caused the National Treasury to lose approximately TWD 1.6 billion in annual revenue.

Thanks to sustained efforts by the relevant inspection agencies, the issue of illicit whites appears to have been brought under better control as their incidence slightly decreased in 2013. However, the anticipation of a drastic tax increase and the lucrative nature of the illicit trade market continue to provide illegal importers with an incentive to smuggle. A notion was also pointed out by Premier Jiang Yi-huah that "after the tobacco excise and health surtax are raised significantly [as proposed by EY], it is anticipated that the incentive for tobacco smuggling will increase as well" during the February 2014 monthly national security meeting. With the large quantity of illicit cigarette flooding into the market, it is likely that the lawful tobacco product market will be harmed.

With respect to the Taiwan government's tobacco tax policy, we recommend that

- i. Tobacco products should enjoy the same fair and equitable treatment as other lawful products. Policies impacting the tobacco industry should be developed through a lawful and regular process that safeguards the legitimate rights of the tobacco industry;

ii. Supplementary measures on the adjustment of the tobacco Health Surtax should take into consideration the stability of the market and be carefully evaluated in light of their potential negative impact on the levels of illicit trade in Taiwan.

2. Issue 2: Recommend that the government take effective and proportionate tobacco control policies that are in line with Taiwan's international trade obligations and take into account the country's national interests as well as those of the lawful tobacco industry.

The tobacco industry supports proportionate tobacco control policies; however, the industry believes that before the government considers passing and implementing any such policies, all related stakeholders, including representatives from related parties and government officials, should be invited to discuss and evaluate the policies' effectiveness, their potential impact and any alternative measures that would reach the same objectives. Such a process would also help understand the negative impact these policies may potentially have on the country's international trade obligations as well as on the interests of the lawful tobacco industry.

Currently, there are members of the Legislative Yuan who have submitted proposals to introduce a tobacco retail display ban, plain-packaging for tobacco products and a ban on additives.

As of today, only Australia has implemented legislation for tobacco products despite their being to date no reliable evidence indicating the measure has contributed to the reduction in smoking incidence among the country's youths or adults., Indonesia, Ukraine, Honduras, Cuba and the Dominican Republic have all challenged Australia's plain packaging laws under the WTO's trade dispute settlement mechanisms on the grounds that they are inconsistent with Australia's obligations under the WTO's TRIPS and TBT Agreements. In addition to this WTO Dispute, Australia's plain packaging laws are also being challenged under the Hong Kong-Australia Bilateral Investment Treaty.

A ban on additives also gave rise to international trade-related concerns, when the United States passed in 2009 the "Federal Food, Drug, and Cosmetic Act" (FD&C Act), which banned the sale of flavored cigarettes. This resulted in Indonesia, a clove-cigarette producing country, suing the U.S. in the WTO

claiming that the Act violated trade obligations under the TBT Agreement. The U.S. eventually lost the case and had to compensate Indonesia nearly US\$ 200 million.

The Tobacco Institute of the Republic of China supports reasonable and proportionate tobacco regulation that effectively fulfills its claimed objective. With respect to plain-packaging and a ban on additives, the Institute recommends as follows:

- (1) In light of the ramifications that unsound tobacco control policies may potentially have on the country's international trade obligations, we recommend that the government prepare, consolidate and strengthen expert opinions from various Ministries and agencies, and allow the "Task Force for Taiwan's Participation in International Economics and Trade Strategy" of the Executive Yuan to combine opinions of the Ministries of Economic Affairs, of Finance, and of Health and Welfare and of both related agencies to evaluate the policies' effectiveness and soundness.
- (2) Before the proposals for new tobacco control measures are moved into the next stage of legislative procedures, a public consultation, in the form of a public hearing and an invitation for submissions, is recommended.
- (3) Enhanced public awareness programs and a better enforcement of the existing law on youth access prevention are a more effective way to tackle the issue of youth smoking than the introduction of controversial measures such as plain packaging and a retail display ban for tobacco products.

CONCLUSION

This fifth edition of the AmCham Kaohsiung White Paper has been expanded to include a more comprehensive snapshot of general issues, as well as those topics specific to Kaohsiung, Tainan and Pingtung. One theme runs throughout these pages: southern Taiwan is rapidly developing into a cleaner, more eco-friendly place where new business opportunities and job creation are on equal footing-with improving the environment at the forefront of all local and central government focus. Taiwan's central government has made great efforts in providing funding for numerous development projects. With the global debt crisis and the sluggish US economy continuing to be stubborn issues, combined with changes in competition from China, South Korea, India, Mexico, and Brazil, great challenges remain for Taiwan. However, these changes also bring with them new opportunities, not only for Taiwan, but for the international community looking to Asia for growth. The strong entrepreneurial spirit and creativity of the Taiwan people maybe their greatest assets, but geopolitical and global economic changes are helping to make Taiwan a more attractive place for doing business.

In discussions with the various southern Taiwan government officials, it became quite clear that all are looking to grow foreign investment, with a distinct preference to see much of it coming from the US and Japan. In almost all the projects and plans mentioned in these pages, opportunities abound for US business involvement. Taiwan's long standing commitment towards working with the US on matters of mutually beneficial business is stronger than ever. However, southern Taiwan needs to put additional efforts into understanding what foreign investors and enterprises want in their relationships with Taiwan. One particular area of opportunity is in the growing potential for Taiwan companies to act as liaisons or middlemen for US-China business opportunities. A recent survey of US firms operating in China showed that 40% are ready to abandon their facilities in China. Taiwan offers a number of advantages for those companies who are looking to do business in China, but choose not to because of concerns over IP rights or the lack of understanding of the language, laws, and culture in China. Taiwan has a long history with the US and many business relationships have been established and well-maintained throughout the years. Taiwan is a vibrant democracy, operating within the rule of law, having standards and regulations that are often quite similar to those in the US. Politically, culturally, economically, geographically, strategically and logistically, Taiwan is a perfect partner with America, which does represent significant opportunities on all sides. For companies looking to Asia for the first time, for enterprises that are already in the region, or for those companies that left Taiwan for the unfulfilled promise of lower manufacturing and labor costs, Southern Taiwan is worth looking into.

Southern Taiwan offers six (6) key advantages, namely:

1. Excellent geographical position and logistics;
2. Outstanding sea and airports with a natural advantage of good year-round weather;
3. Comprehensive industry clusters;
4. Abundant manpower supply;
5. An extensive industry transportation network; and,
6. Complete provisions for foreign businessmen including excellent accommodations, restaurants, mass transit, and entertainment.

The American Chamber of Commerce – Kaohsiung