

# Taiwan 2010



**Total: 72.19**

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## Quick facts

Population:	23.02 million
Population growth:	0.21 %
Unemployment rate:	5.2 %
GDP:	807.2 billion \$
GDP growth rate:	8.3 %
GDP per capita:	35100 \$

## Political Freedom

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### Free and Fair Elections : 9.29

Elections in Taiwan are usually free and fair. The last parliamentary and presidential elections were held in 2008. As in 2004, tempers were running high with some large protests taking place, but there was no violence. Evidence suggests that there were some instances of vote-buying, albeit on a limited scale. Political participation and pluralism is equally unrestricted in Taiwan: Opposition parties can operate freely and without restrictions. The civil society is meaningfully included in the political process.

### Absence of Unconstitutional Veto Players : 8.33

There are no undemocratic veto players without a constitutional mandate. During Taiwan's transformation process to a democracy, all potential veto powers were dispersed and even though political actors sometimes strongly disagree on policy matters, there is a broad consensus among them concerning Taiwan's political system as a market-based democracy. Therefore, there are no anti-democratic powers that could act as an unconstitutional veto player.

### Freedom of Press : 7.6

Press and media operate relatively free and unrestricted in Taiwan. A diversity of opinions and

views are voiced, criticism towards government policies is tolerated. The internet is free. Foreign journalists can travel and report without restrictions. Consequently, the government's influence on the press is minimal. Lately, there have been some efforts by the government to restrict critical press voices though: In 2008, a former spokesperson for the president was appointed deputy president of the Central News Agency (CNA). Employees reported that they were urged to change certain reports.

## Rule of Law

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### **Independence of the Judiciary : 6.02**

In general, judicial independence is well developed in Taiwan. Trials are fair and usually free from external influence by politicians or business. But some doubts have been expressed regarding the political independence of Supreme Court judges. The nomination process, judicial proceedings and decisions have raised eyebrows.

### **Corruption : 5.6**

To put it bluntly, Taiwan is moderately corrupt. But things are getting better. In 2009, several measures have been taken by the government to enforce anti-corruption laws. This resulted in the removal of high-ranking officials and members of parliament who were involved in vote-buying. The media reports frequently and extensively on corruption cases and therefore contributes to raising public awareness on this subject.

### **Protection of Human Rights : 7.76**

Human Rights are generally protected and respected in Taiwan. Since Taiwan - not being recognised an independent country - is not a member of the United Nations, the country is not party to any UN Conventions regarding the protection of human rights. Nevertheless, human rights violations are uncommon. Amnesty International criticises in its 2009 report that women and girls are not sufficiently protected from domestic violence. During the visit of a semi-official delegation from China, the freedom of assembly and expression was restricted. Taiwan has not yet officially abolished the death penalty – in 2009, eight people were sentenced to death. However, executions have no longer been carried out since 2005.

## Economic Freedom

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### **Security of Property Rights : 6.69**

Property rights are adequately protected under Taiwanese law. The courts honour and enforce contracts but the judicial process can be slow at times. Several laws have been passed to enforce the protection of intellectual property rights. However, pirated CDs and DVDs, counterfeit pharmaceuticals, and fake luxury goods are readily available.

## **Size of Government: Expenditures, Taxes, and Enterprises :**

### **6.96**

Government spending is low, equaling about 17.8 percent of the GDP. Recent privatisation and deregulation measures have led to the state playing a smaller role in Taiwan's economy. Taiwan has a relatively high income tax rate of 40 percent and a moderate corporate tax rate of 25 percent. Additionally, there is a ten percent surtax on undistributed profits. Other taxes comprise a VAT and a property tax. Overall tax revenue is about 13.7 percent of the GDP.

## **Regulation of Credit, Labour, and Business :**

### **6.37**

Taiwan's financial sector is modern and competitive. Foreign investors operate freely. The government dominates banking through its banks which make up for roughly half of the financial assets. Foreign banks play a comparatively small role. Taiwanese regulations protect the freedom to start, run, and close a business well. It takes 23 days to start a business (compared to the world average of 35 days), getting a license takes less than the worldwide average of 18 procedures and 218 days. Closing a business is an uncomplicated procedure. Labour regulations are fairly inflexible. The non-salary cost of a worker is low, but dismissing him can be expensive and complicated. Regulations on work hours are not flexible.

## **Freedom to Trade Internationally :**

### **7.57**

Taiwan's weighted average tariff rate is about two percent. The trade with China being the only exception, the state does not interfere much with foreign trade. In the case of China regulations try to control the country's trade and investment dependency on the mainland. Among the obstacles to foreign trade are import and export bans and restrictions; state trade in some goods; and weak enforcement of intellectual property rights.