

# Taiwan 2012



**Total: 74.02**

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## Quick facts

Population:	23.23 million
Population growth:	0.17 %
Unemployment rate:	4.4 %
GDP:	887.3 billion \$
GDP growth rate:	4 %
GDP per capita:	38200 \$

## Political Freedom

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### Free and Fair Elections : 9.29

Elections in Taiwan live up to democratic standards. Results are usually undisputed and the whole electoral process is closely monitored by the media. The 2012 parliamentary and presidential elections were widely perceived as free and fair. Ma Ying-jeou was re-elected as president for the second term, even though in the run-up to the elections, his liberal opponent Tsai Ing-Wen of the Democratic Progressive Party had been seen as a strong competitor. However, mainland China stated rather clearly what the election result should look like in order to maintain and foster relations between the two countries. In the end, this might have influenced the majority of voters who opted for stability instead of voting for a candidate that might have taken a tougher stance towards Taiwan's bigger neighbour.

Political participation and pluralism are vibrant 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 veto players without a constitutional mandate in the political system of Taiwan. Despite occasional strong disagreement on policy matters, there is a broad consensus among political actors concerning Taiwan's political system as a market-based democracy, and so there are no noteworthy anti-democratic powers that could act as an unconstitutional veto player.

Nevertheless, mainland China plays a crucial role in Taiwan's political everyday life and politicians frequently refrain from backing policies that might annoy China. In other words, Chinese influence over Taiwanese inner politics, trade and foreign relations is considerable and China thus certainly qualifies as an important veto player in the political system of Taiwan.

## **Freedom of Press : 7.5**

Press and media operate relatively free and unrestricted in Taiwan: different opinions and views are voiced, criticism towards government policies is tolerated, the Internet is free and foreign journalists can travel and report without restrictions. It is therefore safe to say that government influence on the press is minimal. Lately, however, there have been some efforts by the government to restrict critical press voices. Ever closer commercial ties between Taiwan and China have also driven media owners and journalists to practice self-censorship, albeit on a limited scale.

## **Rule of Law**

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### **Independence of the Judiciary : 6.09**

The Taiwanese court system is independent of political interference, and trials are generally fair. However, in recent years there have been concerns over the selection of judges for high-profile cases as well as corruption scandals that call judicial independence into question. In June 2011, in an effort to reform the legal system, the legislature passed a law (scheduled to take effect in 2012) that would allow for the removal of corrupt and incompetent judges.

### **Corruption : 6.01**

Corruption remains a problem in Taiwan, albeit significantly less serious than in the past. The country saw a string of high-profile corruption cases in the past two years, including those involving judges, an ex-diplomat and even its former presidents. As recent as August 2012, prosecutors uncovered another bribery case implicating former National Fire Agency chief Huang Chi-min, suspected of accepting NT\$100m (about US\$ 3.4m) in bribes for procurement projects during his tenure from 2003 to 2009. Indeed, the government has shown an attempt to deal with the problem of corruption among mid- and low-level public officials by setting up the Agency Against Corruption in July 2011, operating under the Ministry of Justice. However, the Agency does not have the authority to prosecute ministerial-level officials. Taiwan was listed at the 32rd position out of 183 countries surveyed in Transparency International's 2011 Corruption Perceptions Index.

### **Protection of Human Rights : 7.84**

Human Rights are generally protected and respected in Taiwan. Freedoms of assembly and expression are observed, although protesters can be prosecuted for failing to obtain a permit or obey police orders to disperse under the Assembly and Parade Law. Taiwanese academics are generally allowed to write and lecture without interference, and residents are free to practice their faiths. Although civil society groups are required to register with the government, registration is

often granted easily and NGOs normally operate without harassment. The police largely refrain from arbitrary detention, and lawyers are allowed to monitor interrogations to prevent abuses. The Taiwanese Constitution provides for the equality of all citizens. Six seats in the legislature are reserved for indigenous people, giving them representation that exceeds their share of the population. However, some aspects need improvement. One worrying trend is, although the number of executions had dropped since 2002 and the country gave no death sentences during 2006-2009, the issue of death penalty resumed in 2010, with five people executed in 2011. Taiwan has yet to achieve gender equality, as women still face job discrimination and receive lower pay than men on average. Moreover, the island continues to be a destination for human trafficking, and a large number of foreign workers in the country are without legal protection from abuses by employers.

## Economic Freedom

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### **Security of Property Rights : 7.02**

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; yet pirated CDs and DVDs, counterfeit pharmaceuticals and fake luxury goods still are readily available.

### **Size of Government: Expenditures, Taxes, and Enterprises : 7.45**

Government spending has dropped from 18.5% to 16% of the GDP. Recent privatisation and deregulation measures led to the state playing a smaller role in Taiwan's economy.

Taiwan has a comparatively high income tax rate of 40% and a corporate tax rate of 17%. Additionally, a surtax of 10% is charged on undistributed profits. Other taxes comprise value added tax and property tax. Overall tax revenue represents about 8.4% of the GDP.

### **Regulation of Credit, Labour, and Business : 6.94**

Taiwan's financial sector is modern and competitive. Foreign investors operate freely. The government, through its own institutions which account for roughly half of the country's financial assets, dominates banking. Foreign banks have a limited role.

Taiwanese regulations well protect the freedom to start, run and close a business. The introduction of a one-stop shop for business registration has greatly facilitated the starting of a business and application for a license. The former now can be done in just ten days and three procedures. A license can be obtained in 125 days and 25 procedures. Closing a business is an uncomplicated process. The World Bank ranked Taiwan at the 25th place in its 2012 Doing Business report.

Labour regulations are fairly inflexible. The non-salary cost of a worker is low, although firing procedures can be costly and complicated. Regulations on work hours are not flexible.

## **Freedom to Trade Internationally : 7.55**

Taiwan's weighted average tariff rate is set at 2.5%. With trade with China being the only exception, the state does not interfere significantly with foreign trade. In the case of China, regulations to control Taiwan's trade and investment dependency on the mainland are in place. Amongst the obstacles to foreign trade are import and export bans and restrictions, state trade in some goods and weak enforcement of intellectual property rights.