

Taiwan 2013



Total: 74.29

Quick facts

Population:	23.3 million
Population growth:	0.27 %
Unemployment rate:	4.2 %
GDP:	918.3 billion \$
GDP growth rate:	1.3 %
GDP per capita:	39400 \$

Political Freedom

Free and Fair Elections : 9.29

Elections in Taiwan generally live up to democratic standards, though vote buying still remains a significant issue. The latest presidential and parliamentary elections in 2012 were deemed free and results were undisputed. President Ma Ying-jeou of the KMT secured a second term after a close campaign against opposition candidate Tsai Ing-Wen of the Democratic Progressive Party (DPP). China's explicit preference for Mr Ma may have influenced voter behavior, opting for stable relations with the People's Republic rather than a tougher stance towards the bigger neighbour.

Opposition parties can form and operate freely in Taiwan. The same is true for civil society organisations. Public participation in political issues can be observed regularly, as was highlighted by numerous demonstrations in 2012. However, leaks have revealed government directives to actively discourage university students from participating in recent grassroots demonstrations against the growing influence of pro-Beijing media conglomerates (see press freedom).

Absence of Unconstitutional Veto Players : 8.33

There are no veto players without a constitutional mandate within the political system of Taiwan. However, due to its historical relations stemming from the Chinese civil war, China plays, and will so for the foreseeable future, a crucial role in Taiwanese politics. Beijing still considers Taiwan a

breakaway province and threatens war if formal independence is declared. The situation still needs to be considered grave, especially after Beijing has increased the amount of missiles directed at targets in Taiwan. This leads to politicians regularly refraining from introducing policies which may upset the rulers in Beijing. Additionally China tries to develop more and more strongholds in Taiwan's economy, especially the media sector. Therefore the People's Republic has to be considered as an important external veto player in Taiwan's political landscape.

Freedom of Press : 7.4

Press and media are relatively free in Taiwan and reflect diverse and critical views and opinions. The internet is also freely accessible and non-censored. However, media outlets usually have strong affiliations with political parties, hence offering preferential coverage to their respective candidates. Taiwan's decline in press freedom rating compared to the 2012 edition of the Freedom Barometer is due to regulatory delays in the licensing process for a new television station which rendered it financially unsustainable and ultimately led to the abolition of the project.

Lately major concerns were also sparked after the National Communications Commission (NCC) approved a bid by Want Want Broadband to purchase Taiwan's second largest cable provider, China Network Systems. Critics have voiced strong concerns regarding the threat to the country's media pluralism. Additionally, Want Want Broadband's owner, Tsai Eng-meng is known to have close ties with authorities in the People's Republic of China, raising fears over Beijing's influence on political media coverage.

Rule of Law

Independence of the Judiciary : 6.06

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 that would allow for the removal of corrupt and incompetent judges. The law took effect in July 2012. A total of three judges were warned or demoted that year.

Corruption : 6.1

Although significant progress has been made towards combating corruption in Taiwan, corruption remains a problem. The Agency Against Corruption, established in 2011 and acting under the Department of Justice, has helped in combating corruption among low and mid-level public officials. In April 2013, Taiwan's former cabinet secretary general was sentenced to seven years jail for procuring over US\$2 million worth of bribes. There was a standoff between Taiwan and Transparency International when it printed that 36 percent of people had admitted to bribing a public official (which was dramatically higher than the 7 percent and 2 percent scores it was given in the previous two reports). Transparency International has agreed to conduct a new poll but ranked Taiwan 37 out of 176 countries surveyed in the Corruption Perception Index 2012.

Protection of Human Rights : 7.79

Human Rights are generally respected and protected in Taiwan. In general, minority rights and the rights of indigenous people are respected. Prison and detention center conditions meet international standards and there were no disappearances reported in the last year. Police refrain from arbitrary arrests and lawyers are permitted to observe interrogations to ensure no ill-treatment occurs. In 2013 Taiwan's defense minister unveiled a series of new measures to reform military punishment procedures after a 24 year old died of punishment induced heatstroke.

Unfortunately, the death penalty remains and as of August, six men have been put to death in 2013. The government has reneged on recent rhetoric of abolishing the death penalty and has instead set up a special committee to examine possibilities for its gradual abolition.

Economic Freedom

Security of Property Rights : 7.03

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 and an intellectual property court was established in 2008. Yet pirated CDs and DVDs, counterfeit pharmaceuticals and fake luxury goods still are readily available.

Size of Government: Expenditures, Taxes, and Enterprises : 7.51

Government spending has risen to 22.4% of 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%. Other taxes comprise value added tax and property tax. Overall tax revenue represents about 7.9% of GDP.

Regulation of Credit, Labour, and Business : 7.07

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

Taiwanese regulations well protect the freedom to start, run and close a business. A one-stop shop for business registration has greatly facilitated the starting of a business and application for a license. The necessary steps to start a business can be done in just ten days and three procedures. There are no minimum capital requirements. A license can be obtained in 94 days and 11 procedures. Closing a business is an uncomplicated process. The World Bank ranked Taiwan at the 16th place in its 2013 Doing Business report (up from 25th in 2012).

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 : 7.71

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.