Within most of the economies of the world, an increasingly important branch of economic forecasting involves the regular completion of qualitative-based surveys on economic trends. The results of such surveys can clearly provide an important reference for business decision-making, whilst supporting the design of short-run economic policy by the government, and providing a basis for selected topics of academic research.

Each of the world’s leading economies pays an enormous amount of attention to the outcomes of such surveys; however, the industrialized nations of the world, in particular, also place significant effort into the conduct of specific surveys capable of effectively determining the current business climate, the overall intentions of investors, and the prevailing degree of consumer confidence.

This research project sets out to examine the conduct of similar economic trends surveys in Taiwan, where these types of qualitative surveys have regularly been carried out since the 1970s. What is clear from the findings of this study is that these surveys have undoubtedly made, and will continue to make, a significant contribution to the future success of Taiwan’s economic development.

First of all, with regard to surveys of the business climate, there are two institutions in Taiwan which, through the years, have become responsible for the successful conduct of two separate surveys; these are the Council for Economic Planning and Development (CEPD) and the Taiwan Institute for Economic Research (TIER).

Secondly, whilst the Directorate General of Budget, Accounting and Statistics (DGBAS) retains overall responsibility for the conduct of surveys of future investment intentions (the contents of which include both quantitative and qualitative elements), there has, nevertheless, been an additional survey of investment intentions carried out in recent years by the Department of Statistics at the Ministry of Economic Affairs. In both cases, however, the overall purpose of these surveys is to provide a reference solely for government decision-making purposes. This can be explained by the fact that the low frequency (annual) data used within these surveys is largely insufficient for modern day business requirements.

Thirdly, with regard to consumer surveys, an overall revision of the methodology adopted in such surveys has recently taken place in Taiwan, with the use of computer assisted telephone instrument (CATI) having been adopted as a means of improving the accuracy of these surveys, along with the stated aim of saving both time and costs. Furthermore, the overall conduct of these consumer surveys has now totally shifted from the public sector to the private sector. However, the adoption of this new approach has been severely hampered by a number of extraordinary events which have recently taken place within Taiwan, each of which was capable of seriously affecting the outcomes of these surveys.

It is clear that, on the whole, the qualitative surveys of economic trends in Taiwan are still at a very early stage of development and are still fundamentally lacking in a number of respects. The lack of public support is just one example, and this will undoubtedly...
prove to be a necessary prerequisite to the establishment of a more comprehensive and effective system within Taiwan in the future.

This study concludes by proposing a number of recommendations aimed at improving the conduct of the qualitative surveys of economic trends in Taiwan. First of all, with regard to the survey of the overall business climate, the study suggests:

(i) The consideration of separate inquiries to cover the qualitative and quantitative elements of the survey, and the utilization of a network to improve the efficiency and accuracy of these surveys.

(ii) Since the value-added from the service sector now exceeds sixty percent of the island’s GDP, consideration should be given to extending the qualitative study of the service sector to include finance, transport and the communications industry.

(iii) The targeted improvement of the survey sample, including those people to be included within the inquiry and the contents of the questionnaires used, since it appears that the survey results do not at times reflect the overall views of firms within Taiwan.

As the regularly conducted surveys on investment intentions in Taiwan are still carried out by the government, with the main purpose being to provide a reference for government policy making, this study suggests that the government should encourage the private sector to take over the responsibility for the conduct of these particular surveys. In this way, it may be possible to overcome the problem of certain sensitive issues which may be inappropriate for the government to probe into, whilst there is also a greater likelihood that the private sector may be able to set up a more appropriate high frequency survey, capable of meeting the needs of the business sector.

The results of recent consumer surveys undertaken by the private sector suggest that this type of survey may well develop as an important short term economic indicator. However, it is also clear that the agency with overall responsibility for these surveys should remain cautious with regard to their conduct, and ensure that the reaction to any extraordinary events occurring in Taiwan, and their likely effect on the outcome of the surveys, are fully understood.

**RESEARCH**


This is a study of three aspects of Taiwan’s vision of a Green Silicon Island; sustainable environment, the knowledge-based economy (KBE) and social justice. A background study is carried out, followed by a review of the critical issues, compilation of indicators and empirical analysis. Principal components analysis is also undertaken to explore the relationship between the KBE and the quality of life, so as to determine the constituent components of the green silicon island.

The overall aims of economic development are to boost national wealth and improve the quality of life, but whilst implementing the KBE can help to accumulate wealth, improvements to the quality of life must also take into account environmental and social problems. Once all of these aspects have been considered and dealt with appropriately, Taiwan will then be in a position to realize its vision of a green silicon island.

Cross-country regression analysis reveals that a sustainable environment, the KBE and social justice are three of the major factors determining the quality of life. However, when using single country data on Taiwan, the significant trend existing in the KBE indicator is not evident in either the sustainable environment or social justice indicators. This implies that Taiwan needs to put much more effort into its environmental and social problems, which may otherwise become major obstacles to its future development.


Having achieved international convertibility of its current Renminbi (RMB) account in December 1996, as the next logical step, mainland China has been actively pursuing capital account currency convertibility. In practice, however, it is unclear as to when, and under which exchange framework and mechanism, this may take place. This study aims to answer questions central to this inquiry, employing two parallel analytical axes.

The first tier, a schematic-conceptual tier, traces ‘optimal liberalizing sequencing’ (OLS) arguments put forward by theorists concerned with modernizing the financial sector of both backward and transforming economies (since the early 1970s and during the 1990s, respectively). The second tier pursues a reconstruction of the factual evidence on both mainland China and other selected foreign countries, with a view to evaluating the true contents of the OLS thesis. China’s internal structural and institutional bottlenecks, and the IMF-WTO liberalization codes, are also considered, with regard to their potential for either arresting or stimulating the tempo of deregulation.


The results of this study indicate that: (i) monetary reform in China has generally lagged behind economic reform; (ii) internal financial deregulation took place after the
setting in motion of external financial decontrol; and (iii) the development of the money market has not kept pace with that of the capital market. Consequently, whilst it is true that the order of China’s financial reform and liberalization corresponds in broad terms to the OLS prescription, in some quarters it has also witnessed ‘parallel’, ‘retarded’, or even ‘reversed’ sequencing. The main findings of this study are summarized as follows:

(i) According to the Chinese authorities, free convertibility of the RMB is officially recognized as a prospective policy goal, but this has not been accompanied by a firm timetable under which it may be realized;

(ii) Relaxation of the transaction restrictions in China’s capital account are critically dependent upon the rate of removal of internal bottlenecks, the extent to which financial monitoring and prudential regulation is fulfilled in practice, and the availability of other supporting measures. Neither the IMF nor WTO rulings are compulsory in this regard;

(iii) As a WTO member, insofar as its contractual partners are concerned with the removal of ‘barriers to market access’ and ‘capital account transactions’, China has to meet both ‘general obligations’ and the ‘specific commitments’ exclusively entered into through bilateral negotiations. In line with the well-tried convention, it is expected that mainland China’s leadership will continue along the path of experimentally-based gradualism;

(iv) The results of the applied research conducted in a ‘steady state’ theoretical framework show that the RMB exchange rate currently lies within a much narrower floating band than ever before, and that as such, Chinese officials are evidently more experienced and competent now in applying financial and monetary policies that conform to their macroeconomic objectives; and

(v) Since both Taiwan and China have now acquired full WTO membership status, the Taiwanese authorities should follow the current trend and actively promote its own open-door policy by encouraging two-way flows in financing and banking business.

Preliminary Planning of Independent System Operator in Taiwan, King-Min Wang, Yeng-Shong Chiao, Hong-Min Xu, March 2002.

As competition steadily increases in the electricity market, the requirement for increased transparency will necessitate the establishment of a (fully) Independent System Operator (ISO) to provide real time dispatch services. In accordance with the Taiwan Electricity Act Amendment, the future electricity market in Taiwan will therefore operate under a deregulated electricity market framework, within which, an ISO will be the core body for all future market operations.

The establishment of the ISO will be key to the success of the liberalization process, with the complex design of the system (which must evaluate all of the various options) necessarily involving trade-offs between many different policy objectives. The design principles used by the project team will be based on Article 8 of the Electricity Act Amendment Bill, which states that the ISO is to manage the real time dispatch functions guided by principles of security, fairness, openness and economic efficiency, whilst also being consistent with the energy policy of the government.

The successful creation of a multilateral market arrangement for the management of energy imbalances and transmission constraints will result in better outcomes for the stated policy objectives of security and economic efficiency, but clearly, a fully functional ISO cannot be created overnight, and by international standards, the two-year timeframe for its introduction, stipulated in the Amendment Bill, is an extremely daunting challenge.

It is therefore prudent that transitional arrangements are to be implemented for the market in the interim period, thus allowing IPPs to enter into contracts directly with end consumers whilst using Taipower’s wheeling services. Under the proposed Phase I interim arrangements, Taipower’s Systems Operation Department will assume the role of systems operator for the market, as it always has done in the past, with the dispatch rules being largely based on Taipower’s existing internal procedures. The dispatch process will, however, become fully transparent, i.e., the internal processes will become the dispatch rules for the interim market and Taipower will be subject to surveillance and compliance in cases of disputes over dispatch rules. Taipower will be required to manage energy imbalances and transmission congestion, and will continue to provide ancillary services. It will also have to develop a cost recovery formula so that the costs associated with the provision of uplift services are shared equitably by all market participants.


In accordance with the recent amendment of the Electricity Act within the Executive Yuan in Taiwan, an Independent System Operator (ISO) should be established within two years of the enactment of this legislation. The ISO is to function as a management organization for the power system and power market, and will be responsible for the overall security and reliability of electricity supply. A Dispatch Surveillance Committee will monitor the ISO in accordance with the rules and regulations for dispatch, in order to ensure fair and open access to the power network for generators and retailers.

The ISO is accordingly entitled to charge ‘dispatch fees’ in order to maintain its daily operations and to achieve an efficient power market. Since the determination and pricing of these fees will influence both resource allocation and investment decisions in the power industry, the ISO has to ensure that the fees chargeable are maintained in an open, equitable and reasonable manner so that the operations of the power market will not be distorted.

This study reviews the fee structures and the computing formulae adopted by a foreign dispatch center, i.e., NEMMCO in Australia. NEMMCO was selected as a case study, not only as a result of its widely renowned successful operations following deregulation, but also because of the numerous similarities that exist between the current...
systems in Taiwan and Australia, in terms of the organization of market management. The study’s overall aim is to provide relevant references, in an effort to provide guidance for policymakers in the construction of an appropriate fee structure and computing formulae for adaptation to the special circumstances of the ISO in Taiwan.


At a meeting in Marrakesh, in 1995, the Rules of Origin Agreement was endorsed by WTO ministers. The endorsement by both the WTO Committee on Rules of Origin (CRO), and the Technical Committee on Rules of Origin (TCRO) of the World Customs Organization (WCO), foresaw the harmonization of the non-preferential rules of origin within a three year period. However, the harmonization process has so far taken more than six years and there are still a great many issues awaiting consensus and final decisions. This study provides an examination of the current position with regard to these negotiations and to the eventual overall implementation of the harmonization process.


This study begins with an overview of a number of previous research studies which have discussed the division of labor across the Taiwan Strait, but which have tended to focus largely on the impact on the macro-economy and specific industries, such as the electronics industry.

As Mainland China’s productivity increases, there is also progressive improvement in the external environment with major international companies, including those from Taiwan, increasingly focusing on China and pursuing investment there based on concepts of globalization and strategic outsourcing. Those companies in Taiwan’s chemicals industry, which are pursuing investment in mainland China, are adopted as case studies in order to provide an examination of the way in which investors in other industries undertake their investment in the mainland, along with their operational strategies and governance mechanism for such investment. The study concludes with proposals for an appropriate overall strategy for investment in mainland China by the chemicals industry.

Public Financing Support for Industrial Technology Development in Taiwan, Keh Nan-Sun, June 2002.

The amount of effort placed into industrial research and development (R&D) and technological progress is of particular importance to industrial upgrading in Taiwan, with the Taiwanese government having provided a number of measures aimed at improving the island’s production processes, accelerating technology transfer, developing new products and key components, and promoting technological innovation. These measures include tax incentives, grants and mutual funds, science and technology projects (STPs), science parks, government procurement, and so on. The main purpose of this study is to examine the theoretical foundations of government support, along with a general review of the effectiveness of these various polices and an examination of how the various measures may be integrated. Based on the exploration of these issues, the study concludes with a number of important policy suggestions for government consideration.