

- By not recognizing these programs, the MOE creates an unwarranted negative image of shorter-term vocational or applied programs, and ignores the needs in the current employment market for people with the types of skills developed in such programs.
- Students wanting to study in these programs overseas do not qualify for favorable-term student loans from the MOE. These loans are currently available only for graduate-level students. It is suggested that the MOE expand the loan program to cover both undergraduate university degree and college diploma/certificate programs.

In the spirit of reciprocity and the equal treatment of overseas and Taiwanese service providers under the WTO, this barrier of non-recognition of college diploma, certificate, and university transfer programs should be removed. This position is also supported by the local study abroad agents association, the International Education Consultants Association.

### **Issue 3: Continue liberalizing regulations governing foreign universities and degrees.**

The Committee appreciates recently proposed changes to the law to encourage the establishment of foreign schools in Taiwan – namely, amendments to the Private School Law submitted to the Legislative Yuan to allow foreigners to serve as the chancellor or chairman of a private school, and to raise the cap on the number of foreign directors who may serve on a private school's board. The Committee also welcomes the decision to allow credits from distant-learning courses to account for up to half of the total required credits for a degree. These are certainly steps in the right direction.

However, the market conditions for foreign university programs in such nearby markets as Malaysia, Hong Kong, and Singapore – where foreign universities are allowed to set up branch offices and to bring in faculty to deliver courses and programs – are still far more attractive than the present conditions in Taiwan.

The law here still stipulates that foreign universities may apply to set up full-scale campuses but not branch offices or satellite campuses. Furthermore, students wanting to attend joint-degree graduate programs taking place in Taiwan will have a problem receiving recognition for credits not earned physically at the foreign institution's main campus. Given such barriers to entry, Taiwan has been unable to attract U.S.-based business schools and other professional schools such as have been operating elsewhere in Asia (for example, the University of Chicago Business School in Singapore, the National University of Singapore-UCLA joint executive MBA program, or Johns Hopkins University's Nanjing Center in China). The presence of high-quality, reputable U.S. institutions in Taiwan's education market would do much to spur innovations in the local education sector, and would provide a wealth of choices to Taiwan's students.

The Committee therefore calls upon the government to

adhere to the spirit of liberalization and internationalization that it is espousing by making it possible for bona fide foreign universities to operate legally in Taiwan without undue restrictions. In particular, the Committee urges the MOE to:

- Allow accredited Taiwanese schools to partner with MOE-recognized U.S. and other foreign institutions to create joint-degree graduate programs, and to recognize as valid and legitimate any credits and degrees earned in such programs, regardless of the geographic location where the credits toward the degree are earned.
- Allow MOE-recognized U.S. and other foreign universities to establish branch offices or satellite campuses in Taiwan for the sake of offering certificate and degree programs to Taiwanese and international students residing in Taiwan. As long as the programs they offer are identical to those offered at the institution's home campus and are taught by the institution's own qualified faculty via on-line distance learning or on-site in Taiwan, the Committee sees no reason why such programs should not be allowed to recruit students and run MOE-recognized academic programs in Taiwan.

It is the Committee's view that the government should recognize foreign degree programs based on their quality only, regardless of where the instruction is given.

## **ENVIRONMENTAL PROTECTION**

The Environment Protection Committee recognizes that environmental questions are becoming increasingly important elements in public-policy deliberations in Taiwan as in countries throughout the world. We hope that these vital matters can receive wide attention and discussion in Taiwan as the first step toward forging an effective consensus on how to ensure sustainable development, assuring both environmental protection and economic growth.

This year the Committee focuses on two crucial issues – raising the level of effective wastewater treatment in Taiwan and devising a practical and rational approach to dealing with the challenge of Greenhouse Gas emissions. In addition, we would like to take this opportunity to urge the government to explore initiatives to improve energy performance in buildings, including the promotion of “Green Buildings.” Further, we would like to call attention to the requests raised by two other committees – Chemical Manufacturers and Infrastructure – for the adoption of a more efficient Environmental Impact Assessment process. Under the current system, prospective projects are frequently kept in limbo for years pending a final EIA review. That situation serves neither the interest of setting clear-cut environmental policy nor the need of business to be able to make and act upon investment decisions expeditiously.

The Committee looks forward to opportunities to share information and ideas with the relevant government agencies.

### Issue 1: Expedite the construction of public sewerage projects.

Despite Taiwan's high level of economic development, sewage connectivity remains significantly behind that of other countries. While Taipei city can boast a connection rate of over 90% and Kaohsiung's is about 80%, the overall figure for Taiwan was less than 42% according to the most recent figures available. In comparison, neighboring countries such as Japan and South Korea have connection rates of 70% and 80% respectively.

In its "*i-Taiwan*" package of infrastructure projects, the Ma administration has committed to investing US\$9.26 billion over the next five years with the aim of increasing sewage connectivity by an average of three percentage points per year. Although that is a welcome development, at the announced pace it will be a long and expensive exercise to bring Taiwan up to a level commensurate with its economic status.

Given limited central government funds, the best solution would be to attract more private-sector participation in operating treatment plants. The *i-Taiwan* plan, in fact, calls for US\$1.3 billion in private-sector investment in such projects. But for the plan to succeed, the government needs to create the right conditions to encourage investors to participate. Currently potential investors are likely to be deterred by government pricing controls that may not allow an adequate return. Moreover, in Taiwan the burden of financing hookups from households to the sewage system is placed on the company managing the sewage treatment plant, whereas in most other countries, the government takes responsibility for establishing the sewer hookups and networks.

Another concern is that the local government agencies carrying out the sewage projects often lack the requisite experience and expertise. The problem is exacerbated by contradictory policies and regulations between the central-government level and the county and city administrations. A more transparent and consistent regulatory regime needs to be created, possibly by establishing a new entity with clear authority to oversee the entire process.

It should also be pointed out that expenditure on constructing new facilities will have limited impact unless budget is also allocated for the proper maintenance of existing treatment plants. Funds for maintenance have been seriously insufficient because the cost of water treatment is not passed along to the consumer at all. Unless funding is put on a rational basis, Taiwan will never be able to resolve its sewage treatment problems.

The Committee urges the speedy adoption of changes in policy and practice to help ensure successful implementation of the sewage connectivity and wastewater treatment portions of the "*i-Taiwan*" priority projects.

### Issue 2: Reevaluate greenhouse gas emission (GHG) and energy policies.

The Taiwan government is in the process of establishing a GHG registration platform and is encouraging companies

to engage in the voluntary reduction of GHG emissions. The Committee appreciates the plan being prepared by the Environmental Protection Administration (EPA) and Industrial Development Bureau to provide subsidies and tax incentives to encourage industry to make voluntary reductions. At the same time, an important approach to achieving such reductions is the use of market mechanisms such as carbon trading (whether voluntary or mandatory) and in fact some companies in Taiwan's chemical industry are already engaging in this practice voluntarily. Additional measures promoting energy efficiency in transportation and buildings would help to encourage R&D and capital investment in newer technologies.

The Committee has some recommendations regarding GHG regulation:

- Involve all stakeholders in the GHG reduction efforts.
- Set clearer definitions for energy-efficiency standards for each product or facility by referring to IPCC (Intergovernmental Panel on Climate Change) guidelines and protocols where appropriate. As some sectors like cement and aluminum are already working on voluntary standards for energy efficiency, their proposed standards should be considered.
- Set GHG reduction goals under the conditions of clear and comprehensive GHG-emission baseline examination surveys and processes.
- Require enterprises to perform internal surveys on GHG emissions annually – or more often if they have been found to have high GHG emission levels – but extend the frequency of submission for external surveys to every three years.
- Remove indirect CO<sub>2</sub> emissions (from electricity consumption) from the overall calculation of GHG emission, so as not to double count the emissions from electricity suppliers.
- Permit companies that have applied "most feasible technology" for a long period of time to gain credit for those efforts on a retroactive basis without stipulating a cut-off year. Enterprises should be able to get retroactive carbon credits whenever they can show solid evidence of GHG reduction over the past several decades, since many multinational companies started their efforts in the 1990s.
- Reserve a portion of the carbon credits for the EPA to support specific strategic initiatives, such as industrial projects that are important for economic development but would increase GHG significantly. A sound process must first be in place to collect stakeholders' input, however.
- Adjust the penalty in the early years to be focused more on education than on punishment, encouraging non-compliant enterprises to learn from their experience and improve their performance.

We believe that over the long run, the national policy and strategic direction with regard to energy development will be closely tied to the GHG

reduction efforts. The Committee recommends that the government engage in more communication with industry and provide more incentive programs to encourage new technology initiatives in the area of new and renewable energies. These should include (but not be limited to):

- **Fuel Cells:** Considering that 14% of Taiwan's GHG emissions, along with significant air pollutants, come from vehicles, the Committee recommends that the relevant government agencies – chiefly the EPA, Ministry of Economic Affairs, and Ministry of Transportation and Communications – develop integrated policies and incentive programs to encourage the application of hydrogen fuel cells in Taiwan-made vehicles. With Taiwan's excellent technical expertise and good market potential in this area, promotion of fuel-cell development should be regarded as a great opportunity. The recent policies adopted by the European Union, Japan, United States, and China would serve as valuable references.
- **Photovoltaic (PV):** The Committee appreciates that government has developed programs to subsidize PV (solar energy) installation in houses and factories, as well as a scheme to buy the excess electricity from these sources. However, the incentives are inadequate to encourage users and the application process has not been well-communicated to the public. The Committee urges the government to put more effort into these programs, which could reap large benefits not only in reducing GHG emissions but in positioning Taiwan to win an important place in the global marketplace in this industry in the coming decades.
- **Green products:** Product life-cycle management, also called product stewardship, is a well-established part of the business process in most international companies. Governments in the developed countries have developed long-range strategies to encourage the use of "green products" as raw materials to reduce GHG emissions from the product life-cycle perspective. The Committee appreciates that the Taiwan government has already developed programs to encourage, through subsidies and other means, product recycling and reuse. But more could be done to encourage the use of green products, as well as research in this area, especially for the substitution of products derived from fossil fuels. The Committee suggests that the government develop more incentives to encourage the use of green products as raw materials, so as to lower GHG emissions throughout the product life-cycle.

## HUMAN RESOURCES

Human resources issues have been one of the most prominent themes in AmCham's advocacy agenda in recent

years. The Committee has continuously emphasized the need for Taiwan to open its doors widely to the best and brightest from around the world, rather than limiting foreign professionals' access to Taiwan's employment market. A more liberalized HR policy would not only enhance Taiwan's attractiveness to foreign direct investment, it would also help strengthen the international mindset of Taiwan's own talents by offering them an internationalized working environment.

In addition, with the rapid integration of business activities in the Greater China area, the ability to move personnel across the Taiwan Strait with the highest efficiency and lowest cost has become more and more important for multinational companies having operations in both Taiwan and China. Therefore, in the past few years the Committee has also urged the Taiwan government to continue liberalizing its policies governing the entry and employment of business professionals from mainland China.

The Committee recognizes the efforts the Taiwan government has made on the above two fronts in the past year. Specifically, the simplified administrative procedures for foreign nationals to apply for work permits, visas, and residency – such as the "Three Cards" program launched this March – are highly welcomed. Also encouraging has been the liberalization since May 2008 in regulations regarding mainland Chinese professionals' entrance to Taiwan.

We have been pleased to see that these steps have been taken to make Taiwan a more attractive and friendly living and working environment for foreign investors. We urge the government to keep up the good work, and we continue to offer our full support and cooperation.

Below are two issues that the Committee would like to draw the government's attention to in 2009.

### **Issue 1: Further liberalize Chinese travelers' entry into Taiwan for business activities.**

The Committee applauds the government's progress in easing restrictions on mainland Chinese professionals entering Taiwan to engage in business-related activities. In November 2008, the Ministry of Economic Affairs (MOEA) announced that the limit on the total annual number of such visitors that each Taiwan-based economic or trade association can apply for was being increased to 200. In addition, for multinational companies' suppliers or authorized distributors in China, as well as for chain store executives, there is now no limit on the number of visitors coming for the purpose of participating in business meetings. In mid-May 2009, the Government also announced plans to further relax the length of stay for Chinese business travelers and professionals. The Committee welcomes these major improvements. As MOEA has stated, they will better meet the practical needs of cross-strait business activity, while also encouraging multinational corporations to hold international and regional business meetings in Taiwan, thus spurring development of Taiwan's MICE (Meetings, Incentives, Conventions, and Exhibitions) and related industries.