

costs. The Committee requests the related government agencies to investigate this problem and propose a solution.

Issue 6: Assure reliable supplies of electrical power.

This issue has been raised by the Committee for the past several years, but the basic problem remains unresolved. In response to the manufacturers' request for installation of back-up equipment called ringbus systems, for example, Taipower has said that it would do so provided industry bears the cost. The manufacturers reject that option, reiterating that guaranteeing a stable power supply should be the utility's responsibility and part of the government's commitment to creating an attractive investment environment.

Further, although Taipower states that the number of unscheduled outages has been decreasing year by year, the Committee believes that even one such episode is totally unacceptable. Chemical processes cannot be switched on and off; once a chemical reaction begins, halting it due to a power failure will cause substantial economic loss as well as raising serious environmental and safety issues. Under its contract terms, Taipower takes no responsibility for these consequential damages. Adding insult to injury, the utility charges a fee to the chemical plant to cover re-startup costs.

Another problem is that the stability of the electrical voltage on the grid has been poor. This causes major difficulties for the control equipment in all chemical plants. Considering that Taipower implemented two price increases in July and October last year, we feel strongly that it is the utility's responsibility to provide the industry with a higher-quality and more reliable power supply. As Taipower has been unable to resolve these issues over the past three years, the CMC requests that they receive due attention by MOEA, which oversees the utility.

EDUCATION & TRAINING

The Committee appreciates the cooperation and good will demonstrated during the past year by the Ministry of Education (MOE), which was open to communication and discussion with the Committee on its priority issues. Yet the Committee regrets that despite the Ministry's openness, not much progress has been made since these issues were brought up in 2005.

Of particular concern are the convoluted rules on credit transfers that Taiwanese students must deal with when deciding where to study in the United States, the difficulties encountered by male students wishing to defer their military service to study in overseas community college or diploma programs, and the inability of foreign universities to gain reasonable access to the Taiwan market by offering accredited certificate or degree programs at local sites.

We believe that addressing these issues appropriately and with a sense of urgency will make a major contribution in improving Taiwan's international business competitiveness. The Committee and its members, in support of Taiwan's

goal of becoming a regional business center, encourage the government to take further steps to improve the education and training environment in this country.

Issue 1: Facilitate greater student mobility and internationalization.

A systemic barrier inhibits the movement and exchange of students to and from Taiwanese post-secondary institutions. Currently, if Taiwanese students wish to enroll in a one-year or one-semester exchange program at an overseas institution, their home institution in Taiwan must have a "twinning agreement" with the overseas school in order for the student to transfer the credits earned overseas back to his or her Taiwanese school. This policy creates several problems:

- Students' choice is limited to a select number of overseas programs approved by their home institution. This occurs even though the MOE recognizes a much larger group of overseas schools as providing quality programs.
- Highly ranked overseas institutions may not necessarily be interested in entering into a twinning agreement with a Taiwanese school, but would be willing to accept individual students from that school for an exchange year. Once again, the current policy limits Taiwanese students' choices. Similar problems arise if foreign students wish to attend a Taiwanese school for an exchange year.

In order to facilitate greater student mobility and internationalization, the Committee suggests that a new system be established enabling Taiwanese students to attend any overseas school that is recognized by the MOE, without the need for the student's home school and overseas school to have a twinning agreement. Recognition of individual credits towards graduation requirements would be at the discretion of the student's home institution.

Issue 2: Establish a system to formally recognize schools other than those offering four-year degree and graduate-level programs.

Currently the MOE only recognizes the credentials of educational institutions at the undergraduate level or higher. There is no mechanism to recognize one- or two-year diploma or certificate programs at overseas colleges, whereas domestic providers of these kinds of programs do receive such recognition. This policy has several negative repercussions:

- Currently, a male student cannot apply to defer military service if he chooses to study in an overseas community college two- or three-year diploma program or a university transfer program. If a male student takes an equivalent college diploma program in a domestic institution, however, he will be able to defer military service until his studies are completed. That difference represents flagrantly preferential treatment for local service providers (junior colleges) compared with their overseas counterparts.

- 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.