
Executive Yuan roll-out The Policy of “The Free Economic Pilot Zones”

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1.Executive Yuan approved a Bill titled “The Free Economic Pilot Zones Special Act”

The “Free Economic Demonstration Zones” (hereinafter as FEDZs) is a critical part to improve the liberalization and internationalization of the economy of Republic of China (R.O.C). By deregulation, FEDZs was conceived as trial zones. Once the results of the program were promising, it would be expanded to the entire country. In order to engage in the regional economic and trade integration, the Executive Yuan approved a Bill titled “The Free Economic Pilot Zones Special Act” (hereinafter as Bill) on April 26th, 2013.

On Mar 6th, 2014, the Joint Economic, Internal Administration, and Finance Committee of the Legislation Yuan (the Congress) discussed the Bill for reports and questions. By the end of the March, 2014, the Congress will hold five public hearings. Not until the discussion of the Bill item by item and the passage in the Congress, the second stage of the FEDZ program would not be initiated. There are five main points, including the treatments on foreigners and people from mainland China, tax incentives for Taiwanese businessman, foreign professionals and foreign companies, regulations on untaxed goods and labor, regulations on industrial development, such as the agriculture and the medical, and certain new items on education and professional services.

For the reason that the government considered the need of human resources to sustain the operation of the industries, the Executive Yuan is trying to promote innovative education in FEPZs. Since the education requirements for both of public and private universities are unified in local, colleges and universities were restrained and missed some great opportunities to discover their own niches in education. Hence, innovative education in FEPZs is trying to help higher education system to introduce foreign education resources and foresight concepts, and to attract more international students. The innovative educational projects within FEPZs will also facilitate the cooperations among domestic and foreign universities, and set up experimental branch campuses, colleges, degree programs or professional courses. Besides, the financial service sector is also included. Since FEDZs is an important pusher for R.O.C to move forward in regional economic integration, accordingly, the most significant liberate item for the financial industry in the FEPZs is to allow offshore banking units and offshore security units to provide financial products and service (e.g. OSU and OBU). Meanwhile, the financial industry is predicted to receive an NTD\$140 billion or more in revenues over the next five year.

In summary, FEPZs is regarded as a engine propelling liberalization and internationalization. To gain the international competitiveness, the government will continue to promote policies and measures. By establishing the free economic demonstration zone, it is expected to create innovative effects into the education system and to create more job opportunities.

2.Legislation Yuan has reviewed “The Free Economic Pilot Zones Special Act”

The Republic of China (R.O.C) have been carried out “free economic” recent years, by promoting “Free Economic Pilot Zone” (hereinafter as FEPZs) to encourage every industrial and foreign investment. Besides, FEPZs will not only keep talents and technologies in R.O.C but also liberalize and internationalize our economic.

The Executive Yuan had approved a Bill titled “The Free Economic Pilot Zones Special Act” (hereinafter as the Bill) on Dec. 26th, 2013. At the end of May, the Joint Economic, Internal Administration, and Finance Committee of the Legislation Yuan (the Congress) have taken five public hearings for the Bill, and amended the Bill according to the advices proposed by specialists. Not until the deliberation of the Bill item by item and its passage in the Congress, the second stage of the FEDZ program would not be initiated. There are five main points, including the treatments on foreigners, tax incentives for R.O.C businessman, foreign professionals and foreign companies, regulations on untaxed goods and labor, regulations on industrial development, such as the agriculture and the medical service, and certain new items on education and professional services.

The government considers that there have to be enough human resource to sustain the opened industries, so Executive Yuan is trying to promote innovative education in FEPZs. The core concept of FEPZs is foresight, liberalization and internationalization, the premier said, and the higher education systems belong to high-end service and have much more marketability and variability compared to other education systems. Through innovative and efficient way to manage the school could let University being much more liberalized. Furthermore, the higher education systems in R.O.C. have to connect with international education to avoid being marginalized. Our first stage of education innovation will promote to set up “degree programs” and “professional courses”. The first phase for the Ministry of Education is going to found “degree

programs” or “professional courses” through collaboration way. The Ministry of Education will also draw up related regulations or guidance on standards for school cooperation, co-regulation, setup conditions, supervision, enrolling new student, and recruiting staff.? Once the Bills pass, The Ministry of Education plans to establish “branch school” and “independence campus” helping R.O.C. higher education goes internationalized.

On the other hand, Our medical service also has strong international competitiveness. R.O.C is engage in developing international medical and health industry. The premier said, the Ministry of Health and Welfare have proposed some measures, such as limitation to the number of medical centre, medical personnel working hours, and NHI is not allow to use in the zones.

The premier added, on the extemporaneous sittings, “The Free Economic Pilot Zones Special Act” will be the priority bills and be deliberated in the end of June By establishing the free economic demonstration zone, it is expected to propel R.O.C take part in Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP).

[3.Executive Yuan’s rapid roll-out of “The Free Economic Pilot Zones”, and has published a report concerning the legal and economic implications of its the Bill](#)

The “Free Economic Pilot Zones” (hereinafter as FEPZs) plays a pivotal role in promoting market liberalization, especially at an international level. Premier of the Executive Yuan, Mr. Jiang Yi-Hua has stated that the “market economy” and “innovation economy” allows for tremendous economic prosperity to be embraced by the Republic of China (hereinafter as R.O.C). The seizing of such opportunity has been the goal of government efforts, which can be attested by the recent proposal of the “The Free Economic Pilot Zones Special Act” (hereinafter as the Bill), currently undergoing review and consultation proceedings. The Premier further stressed that the national economy should not be left excluded from international commerce, on the other hand, it is imperative that closer economic bonds with other nations are forged, therefore allowing itself open up to wider scope of opportunities for growth. The key in rendering this possible is through the enactment of laws. At a time, when Trans-Pacific nations, including the United States of America, Japan and countries from Southeast Asia, are working towards regional economic cooperation, if R.O.C. is to be left out, it is feared that its position in the global market would further be marginalized.

The core innovative strengths of the FEPZs include “Smart Logistics”, “International healthcare services”, “Value added agriculture”, “Financial Services”, “Education Innovation”, all of which are implemented by employing R.O.C.’s finest workforce, knowledge, information and communications technology (ICT), geographical position and cross-strait relationship advantages, leading way for an advantageous basis for pioneering economic development. The first stage of development will be based on 6 locations proximal to the sea (including Keelung Port, Taipei Port, Kaohsiung Port, Suao Harbor, Anping Port, Taichung Port) and Taoyuan Aerotropolis and Pingtung Agricultural Biotech Park. The second stage of development would only commence after the Bill have been approved by the legislative Yuan, which would attract much capital investment, hence boosting high employment rates. Presently, besides the aforementioned regions opened up for the FEPZs, other cities and industrial sites (including those from offshore islands), are striving to gain membership of the FEPZs, or applying for empirical research of the FEPZs.

The Executive Yuan has published a report concerning the legal and economic implications of its the Bill on May 2014. The report largely consists of assessments made by varying governing bodies, such as Ministry of Home Affairs, Financial Supervisory Commission etc., on the implications of the draft concerning real estate, employment, fiscal income, logistics, conditions for medical care, agriculture, higher education, social environment and social wealth redistribution etc.

Furthermore, international attention has been closely centered on the progress of FEPZs. During the “The third review of the trade policies and practices of Chinese Taipei” after R.O.C accession to the World Trade Organization (WTO) held on the 17th of September 2014 in Geneva, each member state has demonstrated expectations arising out of the direction and planning undertaken for the FEPZs. National economic and international commercial reforms are under way and have seen much progress in further promoting the overall strength of the economic system, in an effort to respond to the rapid global political and economic developments, for example, through the signing of Economic Cooperation Framework Agreement (ECFA), and the implementation of FEPZs policies. In the future, it will be expected that R.O.C. will strive for a more integral international commercial system, allowing much capital investment inflows as well as the cultivating of high-caliber human resources.

To promote more liberal and internationalized development of Taiwan economy, government of Republic of China (R.O.C) approved the “Free Economic Pilot Zone (FEPZ) Plan,” which the Bill is currently censored in Legislation Yuan and the measures would be implemented in two phases. The first phase of FEPZs would be initiated within six free trade ports, Taoyuan airport free trade zone, and Pingtung Agricultural Biotechnology Park; other industries that match up with the idea of liberalization, internationalization and foresight can all be incorporated into FEPZ through continuing examination under Execution Yuan. After this special legislation is passed, the set-ups of demonstration zones can be applied by authorities either of central or of local government and the related promotion works of the second phase will be unfolded immediately.

Heading to the target of becoming Kin-Xiao (Kinmen and Xiaomen) Free Trade Zone, Kinmen government planned to apply to be one of the FEPZs and thus cooperated with Taiwan Institute of Economic Research (TIER) on December 11, for a commissioned research (which was later released on the conference of accelerating Kin-Xia FTZ on December 19) on evaluating if Kinmen is qualified for an application of FEPZs. Kinmen’s critical location and the featured industries have composed a perfect environment complying with the ideas such as value-added agriculture, international healthcare and innovative education for FEPZ. For instance, the white liquor industry in Kinmen represents the international management and promotion of agricultural products, and is the best example for value-added agriculture. “Long-term Healthcare Village in Kinmen,” which is currently developing in Kinmen, would also be a drive for international healthcare industry. Based on the Taiwan-featured culture, “International Education City” could be developed with a liberal and innovative atmosphere, which would attract famous schools in world to set up their branch school in Kinmen. Above all, Kinmen County vice Mayor, Wu Yo-Chin, indicated that Kinmen would be the first choice for FEPZ and would hold the key to open a new gate for the Cross-Strait. The vice Mayor emphasized that Kinmen government

has well budgeting and financial management, which needn't the extra aids from central government, yet Kinmen was excluded in the first phase of FEPZs. Although Kinmen would apply to be a FEPZ in the second phase after the special legislation passed, Kinmen still strived for taking part in the first phase of FEPZs due to the uncertain schedule for implementation of regulations on FEPZs.

National Development Council (NDC), however, gave an opinion on issue of Kinmen applying to be in the first phase of FEPZs, which declared again the original plan for the first phase only included six free trade ports, Taoyuan airport free trade zone, and Pingtung Agricultural Biotechnology Park. NDC also suggested Kinmen could still follow after the first phase and apply to be a FEPZ in the second phase.

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