

COUNTRY PROFILE



Taiwan

GLOBAL RANK: 21st of 104



Taiwan's impressive 5th place for Economic Competitiveness is, to a great extent, a result of its ability to engage with the global economy. However, Taiwan's Comparative Liveability is ranked only 37th globally, reducing Taiwan to 21st position overall, largely as a result of low levels of satisfaction with freedom of choice.

● BACKGROUND

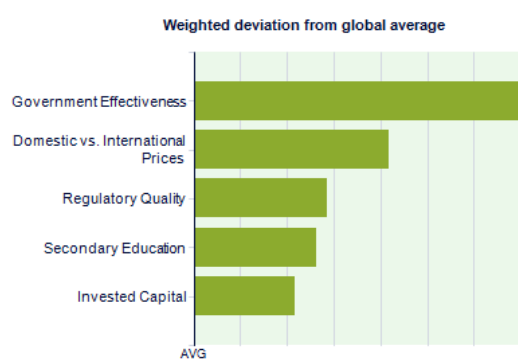
This disputed Pacific Ocean island is claimed by the People's Republic of China but is de facto an independent state. Due to pressure from the PRC, it is diplomatically recognised by only a handful of countries and is excluded from the UN, the WHO, and most other international bodies. Since emerging from martial law in 1987, Taiwan has developed one of Asia's most vibrant and entrenched democracies. Its economy is a major producer of high-tech electronics, and foreign currency reserves total around \$300 billion. For now, China's economic relationship with Taiwan has superseded political disputes, and bilateral links are growing.

FAST FACTS

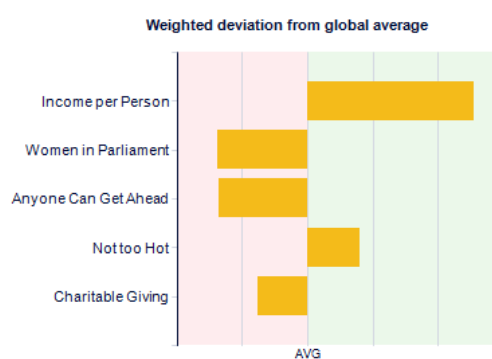
Population:	22.9 million (2008 est.)	FDI (net inflow):	3.83% (2006 est.)
Life Today	6.2 (2006 est.)	Exports	61.45% (2006 est.)
GDP (PPP)	\$695.4 billion (2007 est.)	Imports	55.61% (2006 est.)
GDP (Growth)	5.7% (2007 est.)	Unemployment:	3.9% (2007 est.)
GDP (per Capita)	\$30,100 (2007 est.)	Life Expectancy	77.76 years (2008 est.)
Political System:	Multiparty Democracy		
Foreign Aid:	0.00% (2004 est.)		

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



Through dramatic post-war growth, Taiwan has been transformed from a sugar-exporting outpost of the Japanese Empire to a world leader in semiconductor exports. It is listed as an 'advanced economy' by the IMF, and ranks fifth in this study in terms of Economic Competitiveness. As with the other 'Asian Tigers', Taiwan's development model was based on export-promotion, tariffs to discourage imports and consumption, and an undervalued exchange rate. This creates an excellent -- if perhaps somewhat overstated -- score for Taiwan's level of competitiveness.

However, despite growing economic integration with mainland China, capital controls remain in place. Additionally, openness is

Taiwan's economic transformation has raised income levels to the EU average, bringing with it many elements of a good quality of life. The Taiwanese benefit from a generous and effective healthcare system and good education. Taiwan's high quality of family life also increases life satisfaction, with particularly low levels of widowhood.

Environmental problems, in particular air pollution, depress living standards, leaving Taiwan over 30 places lower in Comparative Liveability than Economic Competitiveness. The Pollution Standard Index readings in Taiwan are about three times the average in Europe, according to the Environmental Protection Agency. Although Taiwan has pollution reduction measures in place, including fuel

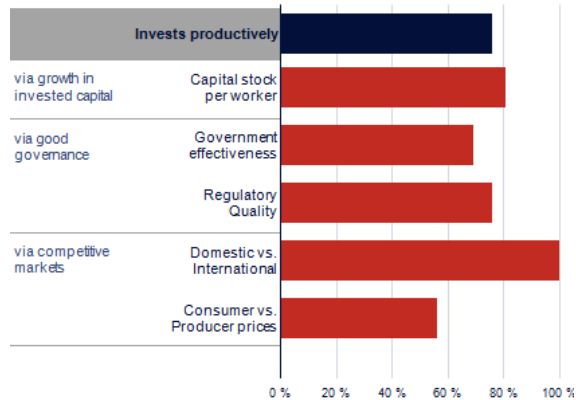
limited by Taiwan's unresolved diplomatic status, which restricts its access to bilateral free trade agreements.

Overall levels of mass education in Taiwan are high. As companies increasingly relocate their low-value electronics and textiles manufacturing operations to China, the government is promoting IT research and development. This has successfully led to an extremely high proportion of researchers in the workforce, and a large number of patents filed. Together, these developments give Taiwan a high score for commercialisation of innovation.

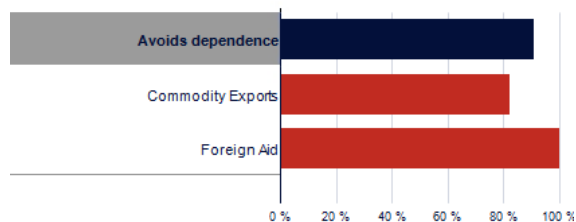
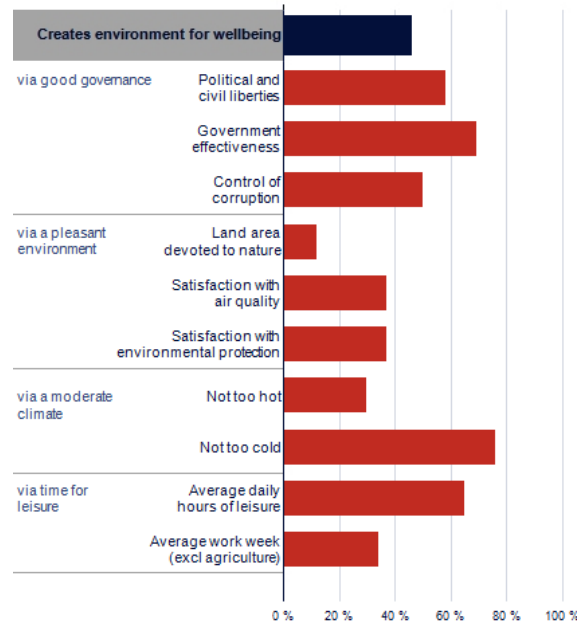
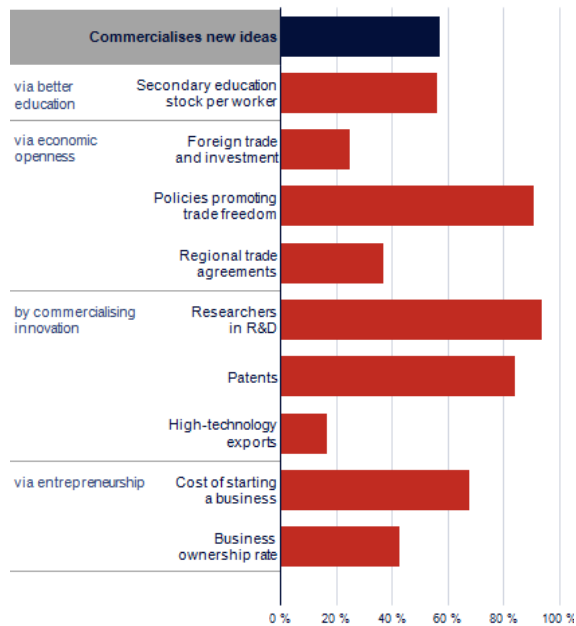
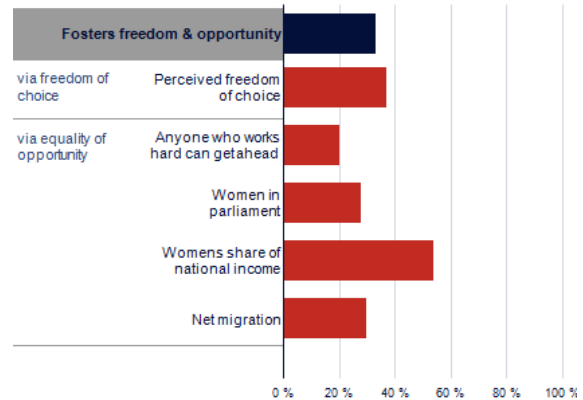
surcharges and the subsidisation of electric and liquefied-petroleum gas vehicles, only 42%⁹ of respondents to the Gallup World Poll reported satisfaction with environmental preservation efforts.

Although unemployment remains a relatively low 3.9%, only 53%⁹ of Taiwanese report that they see hard work as a means by which anyone can get ahead. Overall, the Taiwanese report low levels of satisfaction with their freedom to choose their path in life and seem to perceive social mobility as low. Many Taiwanese seek work in China, and 500,000 Taiwanese live in Shanghai alone.

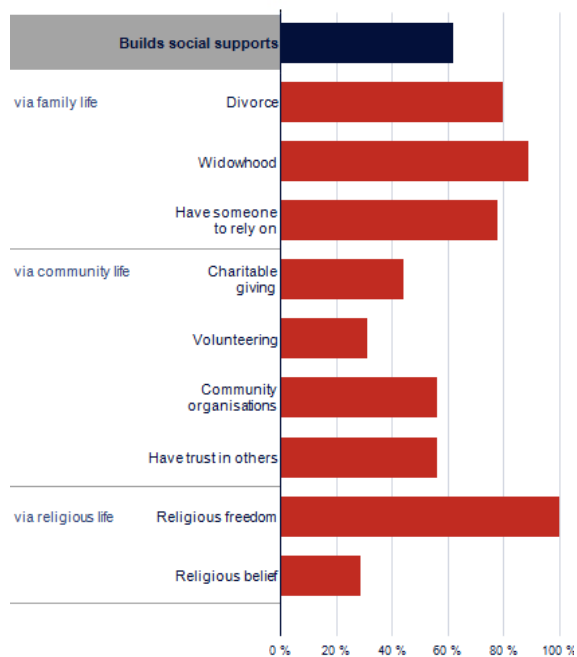
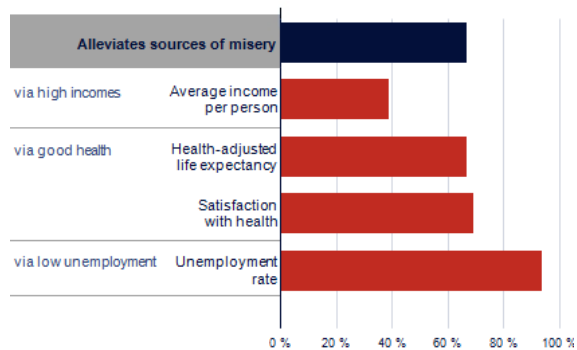
ECONOMIC COMPETITIVENESS: SCORECARD



COMPARATIVE LIVEABILITY: SCORECARD



All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.