

# **National Development Plan (2021-2024)**

(Abridged Version)

**National Development Council**

July 7, 2021



**NATIONAL DEVELOPMENT PLAN (2021-2024)**  
**(ABRIDGED VERSION)**

**CONTENTS**

<b>One. Studying Global Mega Trends.....</b>	<b>1</b>
I. New Economic and Trade Situation and Digital Economy.....	1
(I) New Global Order in Economic and Trade Relations.....	1
(II) Digital Technology and Digital Economy .....	2
II. Human Resource Development and Demographic Structure .....	3
(I) Employment market and labor skills .....	3
(II) Demographic Structure and Growth Potential .....	4
III. Climate Change And Low Carbon Adaptation .....	5
(I) Gradual Increase in Carbon Emission and Temperature.....	5
(II) Carbon Pricing Strategy to Assist Climate Stability .....	5
(III) Transition of Energy Structure Towards Low Carbon .....	6
<b>Two. Analyzing Medium/Long-term Issues .....</b>	<b>7</b>
I. Economic Development and Digital Innovation .....	7
(I) Restructuring of Global Value Chains.....	7
(II) Digital Transformation of Industries.....	8
(III) Digital Economy and Governance .....	9
II. Social Transformation and Income Distribution.....	10
(I) Innovation, Productivity, and Distribution.....	10
(II) Low Birth Rates, Aging Population, and Social Transformation .....	11
(III) Youth Employment and Income .....	11
III. Regional Balance and Environmental Sustainability.....	11

(I) Industrial Clusters and Local Economy.....	12
(II) Climate Change and National Land Conservation.....	12
(III) Expand Green Investments .....	12
<b>Three. Macroeconomic Targets for 2021-2024 .....</b>	<b>14</b>
I. Baseline Forecast (Trend Projections).....	14
II. Scenario 1: Baseline Forecast + Efficacy of Policies.....	14
III. Scenario 2: Baseline Forecast + Efficacy of Policies + Downside Risks...	15
IV. Macroeconomic Targets.....	15
(I) Economic growth rate.....	15
(II) GDP per capita. ....	16
(III) Unemployment rate.....	16
(IV) Increase rate of Core CPI.....	16
<b>Four. National Development Strategies (2021-2024).....</b>	<b>17</b>
I. Digital innovation, launching new economic development model 2.0 .....	18
(I) Forging six core strategic industries .....	19
(II) Continuing to promote industrial innovation, optimization & transformation.....	30
(III) Refining the development environment for startups.....	33
(IV) Developing a capital-deployment center for Asia businesses and high asset & wealth management center .....	36
(V) Forging a digital nation, smart island.....	37
(VI) Forging a bilingual nation by 2030.....	40
(VII) Cultivating a new generation of excellent manpower.....	41
(VIII) Optimizing innovative financial industries .....	43
(IX) Enhancing the sustainable financial structure.....	44

II. Forging a happy society for care of all ages.....	45
(I) Improving long-term care system.....	45
(II) Strengthening childcare services .....	48
(III) Improving youth wages, investing in the youth.....	49
(IV) Implementing housing justice.....	52
(V) Building a stable and secure life .....	53
(VI) Richly cultivating cultural heritage and cultural soft power .....	60
(VII) Boosting sports development .....	62
III. People-centered sustainable development, shaping a LOHAS homeland for balanced development .....	64
(I) Constructing people-centered transportation & tourism networks .....	64
(II) Strengthening the Forward-looking Infrastructure Development Program .....	67
(III) Promoting the Taiwan Balanced Development Program .....	68
(IV) Implementing regional revitalization.....	69
(V) Forging resilient & sustainable LOHAS homeland .....	70
IV. Peaceful reciprocity, pursuing peaceful foreign relations for generations.	75
(I) National defense reform .....	75
(II) Active international participation.....	77
(III) Cross-Strait peace & stability .....	79



## **National Development Plan (2021-2024)**

When President Tsai assumed office in May 2016, Taiwan faced the threats and challenges of becoming growingly dependent on China, a rapidly rising “red supply chain”, and accelerating regional economic and trade integration, which have weakened Taiwan's importance in the global economy. The most urgent task at hand was to find new growth momentum for Taiwan’s sustainable development.

The government thus adopted a new economic development model of “innovation, employment, equitable distribution,” and actively implemented the 5+2 Industrial Innovation Policy to accelerate industrial upgrade and transformation and comprehensively optimize the startup ecosystem. As a result, Taiwan was listed as one of the world’s four super innovators for two consecutive years. The government also accelerated forward-looking infrastructure and the adaptation of economic and trade laws, which attracted overseas Taiwanese businesses and foreign companies to invest in Taiwan. A number of strategies were implemented under the New Southbound Policy to resolve Taiwan’s dilemma of being too economically dependent on China, and to help Taiwan build closer ties with the rest of the world.

Furthermore, the government is promoting energy transition with the goal of developing a nuclear-free low-carbon homeland, and is building a domestic supply chain for the wind power industry. The government implemented a series of measures to care for citizens’ lives and share the results of economic development with all people, including tax cuts, raising the minimum wage, childcare subsidies and Long-Term Care 2.0, and providing greater care for the youth and laborers.

Taiwan’s economic power has become even stronger over the past four years. Coupled with the complete social security and healthcare

system, Taiwan not only successfully endured the severe challenges of the US-China trade war and the COVID-19 pandemic, but also took aid action under the slogan “Taiwan can help,” showing the world Taiwan's power of good. According to the estimates of the Directorate-General of Budget, Accounting and Statistics released in February 2021, Taiwan was one of the few countries in the world to maintain positive economic growth in 2020, with whole year GDP growth of 3.11%, higher than the world average; not only topping the four Asian tigers for the second year in a row, also overtaking China for the first time in 30 years.

In the face of a new global economic and trade situation in the post-COVID-19 era, the escalation of the US-China trade war and the development of Hong Kong’s situation, coupled with the accelerating development of Industry 4.0 and digitalization worldwide and other new trends, such as the shift of the division of labor from being highly centralized to more globalized in the global industrial chain, the change of production to “small quantity and great variety”, and the superiority of key components’ innovation power over cost advantage, Taiwan should seize this opportunity and strive to become a global key economic driver.

The National Development Plan (2021-2024) upholds the spirit of “achieving growth while maintaining stability, and seizing opportunities amid changes,” and elaborately selects and develops strategic and key industries on the basis of the growth momentum accumulated over the past four years. The plan also cultivates bilingual and digital talent for Taiwan’s competitive advantages, not only to bring Taiwan under a global spotlight, but also let Taiwan serve a key role in the world. Moreover, the government will continue to uphold the spirit of being an efficient team that can do things right. On one hand, the government will promote the New Life movement for pandemic prevention and strive to revitalize the

economy, mitigating the impact of COVID-19 on the economy and daily life to help Taiwan overcome the pandemic and make it a blessed land in the troubled time. On the other hand, the government will provide more thorough care for children, the elderly, and youth, protect the underprivileged, and put people first to create a happy society that cares for all ages, and exert every effort to develop and defense Taiwan, while achieving balanced regional development and forging resilient & sustainable LOHAS homeland.

In the light of the above, the Plan takes both objective and subjective conditions into consideration when setting macro-economic goals for the next four years (2021-2024), such as GDP growth rate, GDP per capita, unemployment rate, and increase rate of core CPI, and implements various strategies to achieve the goals, including: actively forging six core strategic industries, continuing to promote industrial innovation, optimization & transformation, refining the development environment for startups, developing into a capital-deployment center for Asia businesses and high asset & wealth management center, forging a digital nation, smart island, forging a bilingual nation by 2030, cultivating a new generation of excellent manpower, optimizing innovative financial industries, and enhancing the sustainable financial structure. These strategies aim to open up a new economic paradigm and increase Taiwan's global visibility and influence.

Furthermore, the government is also enriching the contents of inclusive growth and green growth by improving the long-term care system, strengthening childcare services, resolving the issue of low salaries, investing in the youth, implementing housing justice, building a stable and secure life, richly cultivating cultural heritage and cultural soft power, and driving sports development to create a happy society that cares

for people of all ages. To forge a people-centered sustainable and balanced LOHAS homeland, the government will develop people-centered transportation and tourism, continue to strengthen Forward-Looking Infrastructure Development Program, promote balanced Taiwan development projects, implement regional revitalization, and forge a resilient & sustainable LOHAS homeland.

In the next four years, we will continue to actively participate in international organizations and regional cooperation mechanisms, and will make substantial contributions to the peace, stability, and prosperity of the Indo-Pacific region.

Looking towards the future, the government will comprehensively enhance Taiwan's overall national power, achieve better economic performance, provide more comprehensive care, achieve greater national security, and develop a prosperous, inclusive, sustainable, and peaceful nation for the people.

## **One. Studying Global Mega Trends**

The global economy significantly declined in 2020 due to the impact of the COVID-19 pandemic and lockdown measures implemented by various countries. International institutions such as the IMF indicated that the global economy will begin to recover in the second half of 2020, but a V-shaped recovery is unlikely. However, with countries actively implementing quantitative easing and expansionary fiscal policy between 2021 and 2024, global economic and trade activity is expected to recover. The IMF stressed that countries will not only need to actively respond to changes in global trends in the post-COVID era, but also more quickly resolve structural issues, such as the potential rise in economic inequality since the financial crisis, aging population, and damage to the environment. The United Nations recommends using the development concept of “Beyond GDP” for a more inclusive and resilient economic recovery, and to achieve the Sustainable Development Goals (SDGs). In the next four years, the effects of the US-China trade and technology war, and the COVID-19 pandemic will form a new global order in economic and trade relations, digital technology applications will accelerate the development of digital economy, low birth rates and aging population will become even more apparent worldwide, and energy transition and adaptation to climate change will become even more urgent. Taiwan will continue its advanced deployment and implement economic development model 2.0, in order to achieve the goals of promoting innovative growth, increasing employment investment, and improving youth income.

### **I. New Economic and Trade Situation and Digital Economy**

#### **(I) New Global Order in Economic and Trade Relations**

The COVID-19 pandemic severely impacted the global economy in 2020. IHS Markit estimated on June 15, 2020 that global economic

growth and global export growth will respectively be -5.97% and -14.38% in 2020, the weakest economic performance since the global financial crisis. It is worth noting that the US-China trade war has resulted in the restructuring of global supply chains, and the pandemic accelerated the change in global economic and trade order. This has accelerated the shift of the international division of labor toward “local production, short chain revolution.” In response to the new demands from the digital globalization, global economic governance urgently needs to be adjusted away from the system of rules based on traditional trade in physical products and services, and new trade rules need to be established.

The IMF, OECD, and UN all stressed that, as facing a new global order in the post-COVID-19 era, governments around the world must make active efforts to create an environment that benefits the development of digital technology and digital economy to mitigate the adverse effects of aging population, climate change, and global economic and trade policy uncertainty on global growth, and also to accelerate inclusive growth.

## **(II) Digital Technology and Digital Economy**

Applying digital technologies, such as AI, 5G, and big data, to develop a digital economy and drive innovative growth and digital transformation has become a global consensus. Digital trade, cross-border data flow, digital tax, digital currency, anti-trust supervision, and cyber security are all issues of concern in the global economy. Overall, global digital economic development emphasizes being “people-centered,” and using digital technology to facilitate social inclusion and environmental sustainability. There are three main development trends:

1. 5G economy creates new opportunities for industrial transformation:

5G applications comprehensively empower manufacturing, sales, finance, healthcare, and many other fields, and have an even greater effects on the whole industrial value chains. They will also impact society, including possibly increasing unemployment and income inequality. Governments around the world must carefully address these issues to ensure the net benefit of overall digital innovation.

2. Promotion of Smart Nation with data at the core: A complete data value chain is established on the basis of cyber security and privacy protection, with efforts to develop a data economy and drive digital economic growth.
3. Improvement in digital literacy and skills and expansion of digital inclusion: Active efforts to improve citizens' digital literacy and skills will reduce the digital divide between groups, and allow the digital economy and society both to prosper.

## **II. Human Resource Development and Demographic Structure**

### **(I) Employment market and labor skills**

Job polarization (higher employment rates of high-skilled and low-skilled workers, and lower employment rates of workers in between) and income inequality resulting from the development of the digital economy are key areas of concern to countries around the world. For social stability and development, many governments are actively implementing labor policies related to digital technology to promote the structural transformation of human sources and meet the labor demand of the new economy. Furthermore, changes of social and economic environment, such as aging populations and low birth rates, the rise of green growth, and globalization are all factors that will affect future human resource development. Important trends include:

1. Changes in competency requirements resulting from automation and

AI: AI and 5G create employment opportunities by increasing productivity and economic growth, but they will also change the employment structure and competency requirements. For example: fewer conventional jobs; greater importance of using experience and knowledge for decision-making; jobs involving planning and creativity are more difficult to be replaced.

2. New business models change the types of work: The popularization of digital technology led to the rise of the gig economy, and freelancers have become a new mainstream form of work. However, laborers now face new employment risks, and it is necessary for the government to carry out systematic reform of the employee-employer relationships and labor rights in the face of new forms of work.
3. The need to reduce the gap in labor skills: Active adjustments are being made to education and training policy to improve laborers' skills in response to the demand for emerging interdisciplinary digital talent. The language proficiency and global vision of laborers are being improved to meet the need for internationally mobile talent.

## **(II) Demographic Structure and Growth Potential**

Changes in demographic structure are a key factor that affects labor supply and demand, productivity, economic growth, and citizens' well-being. Changes in demographic structure cannot be effectively reversed in a short period of time. Hence, countries urgently need advanced deployment as a precautionary measure. According to the UN's World Population Prospects 2019, changes in the global demographic structure are mainly due to low birth rates, aging population, and the continually declining quantity and percentage of working age population. These trends have a negative effect on the momentum of domestic demand and economic growth potential, and therefore urgently need to be adjusted. The G20 Meetings of Finance

Ministers in June 2019 listed aging population as a global risk for the first time, and recommended that countries adopt an overall population policy in response to changes in the demographic structure of different generations, in order to achieve transformation and development.

### **III. Climate Change and Low Carbon Adaptation**

Climate change is the most severe economic and social challenge faced by the world. The IMF estimated on May 29, 2020 that damage directly caused by climate change disasters over the past decade or so cost an average of US\$1.3 trillion each year, which is approximately 0.2% of the global GDP. The COVID-19 pandemic brought global economic activity to a halt. Even though this led to an improvement in air quality, it has not slowed global warming. The Emissions Gap Report 2019 published by the United Nations Environment Programme (UNEP) pointed out that global greenhouse gas (GHG) emissions must be reduced by 2.7% every year over the next decade to achieve the goal set in the Paris Agreement to limit temperature rise to within 2°C.

At present, there are three main trends of climate change adaptation and low carbon transformation worldwide:

#### **(I) Gradual Increase in Carbon Emission and Temperature**

According to the Global Climate in 2015-2019 published by the World Meteorological Organization (WMO) in September 2019, global carbon dioxide emissions have continued to increase, and the average global temperature in the most recent five years increased 1.1°C compared with before industrialization, a record high. The UN called on countries to accelerate actions related to the Paris Agreement, in hopes of achieving zero carbon dioxide emissions before 2050, and also to enhance climate change adaptation ability and resilience.

#### **(II) Carbon Pricing Strategy to Assist Climate Stability**

Carbon taxes directly reflect the external cost of carbon emission, and correct the market failure caused by over production or consumption. The IMF in October 2019 estimated that levying a tax of US\$75 for every ton of carbon dioxide emissions worldwide will achieve the goal set by the Paris Agreement by 2030. Even though a carbon tax is considered a fast and effective policy tool, it raises the issue of fairness between countries. At present, only Sweden, Switzerland, Finland, Norway, and France have reached the price level to achieve the Paris Agreement's goal to maintain temperature rise lower than 2°C.

### **(III) Transition of Energy Structure Towards Low Carbon**

Governments around the world are actively implementing energy policies characterized by the balanced development of the 3E's (Energy, Economy, and Environment), in order to mitigate global warming. The World Energy Outlook 2019 published by the International Energy Agency (IEA) stressed that lower cost of renewable energy and the advancement of digital technology has provided countries with a great opportunity for energy transition, but also brings new challenges in energy security. Furthermore, the global energy industry is also actively implementing a wide range of blockchain applications. Even though they are still in the early stages, the application of digital technology for energy structure transition has become an important trend.

## **Two. Analyzing Medium/Long-term Issues**

After the financial crisis in 2008, countries around the world all faced the challenge of declining potential output growth, and Taiwan was no exception. Factors causing Taiwan's slowing economic growth include weak investment over the years, insufficient innovation, and an aging population. To effectively remove these structural barriers, the government is actively implementing the three major programs for investing in Taiwan, which attract Taiwanese businesses returning and foreign companies to invest in Taiwan, and also accelerate the implementation of forward-looking infrastructure projects, allowing capital accumulation to become the main force driving innovation and economic growth. In the next four years, Taiwan will find itself in the acceleration phase for digital, smart, and innovative developments and diffuse applications. The government will step up digital transformation and international cooperation to accelerate structural reform, create a better environment for investment and innovation, and foster new growth momentum. The government will also tackle the severely challenges of aging population and climate change to realize inclusive and sustainable high quality economic growth.

### **I. Economic Development and Digital Innovation**

#### **(I) Restructuring of Global Value Chains**

Taiwan is an important part of the global value chains (GVCs), and had the highest participation rate in GVCs (56.8% in 2015) in the Asia-Pacific region. Due to the ongoing US-China trade and technology war, as well as the impact of COVID-19, the GVCs have significantly shifted towards shorter chains. To seize opportunities and face challenges brought by changes in global industries, the government has elaborately selected the "six core strategic industries", a continuation and upgrade of the 5+2 Industrial Innovation Plan, and is strengthening links across

industries, as well as expanding the positive effect of digital technology on the restructuring of GVCs. It encourages Taiwanese companies to become technologically independent, adjust their production positioning, and become more resilient to external economic impacts. Furthermore, the government will continue to optimize the regulatory system in response to competition between trade regions that have formed around the world, and will create a better environment for international trade and actively expand its FTA network.

## **(II) Digital Transformation of Industries**

The digital transformation of industries has become an international trend in the era of digital economy. There are two key points: One is accelerating the digitalization of traditional industries, and the other is the promotion of digital industries. In response to the forward-looking demand on talent for digital transformation of industries, it is imperative to accelerate the cultivation and import of digital technology talent, such as AI, 5G, and blockchain. Specific directions include:

1. Strengthen the dominance of the ICT industry and make structural adjustments: The ICT industry is the core force driving Taiwan's economic development (the ICT industry contributed 44.3% of Taiwan's GDP in 2015-2018), but developments were mainly focused on ICT manufacturing (accounted for approximately 85%). In the future, the government will strive to improve key technologies, integrate new applications, new services, and new models, and strengthen the digital capabilities of Taiwan's industries.
2. Strengthen the development potential of 5G applications: Following the continued development of 5G applications, the government will accelerate the 5G industry's development from consumption to production and from platform to ecosystem, creating an environment suitable for the development of innovative 5G applications.

3. Accelerate the digital transformation of SMEs: SMEs accounted for 97.6% of all enterprises in Taiwan in 2018, but have relatively insufficient digitalization. In the next four years, the government will continue to assist SMEs in adopting and applying digital technologies to realize digital transformation.
4. Strengthen international connections and talent cultivation: As Taiwan continues to optimize its innovation environment, the government will step up efforts to cultivate, educate, and recruit talent, in order to align the innovation environment with international standards.

### **(III) Digital Economy and Governance**

The government has been actively developing the digital economy in recent years, and it has become an important part of Taiwan's economy. According to DIGI<sup>+</sup>, the output value of Taiwan's digital economy will reach NT\$4.8 trillion in 2020, accounting for 25.2% of GDP. The output value of the digital economy is expected to reach NT\$6.5 trillion in 2025, and account for 29.9% of GDP.

From a structural perspective, the average growth of digital private consumption was 13.6% from 2010 to 2017, and was approximately 4 times the average growth of total private consumption during the same period of time, showing that digital private consumption has great potential for growth. With regard to digital infrastructure, digital investments will be driven by broadband, cloud, cyber security, social network, and data in response to the commercialization progress of 5G in Taiwan. For digital trade and cross-border data flow, the government will accelerate to combine digital technology with digital services trade to increase Taiwan's export momentum.

The rapid development of emerging digital technologies will have a growing impact on the economy, society, and environment, and the government will strengthen digital governance in coordination with

developments in digital technology and citizens' lifestyles, and thereby enhance the nation's digital competitiveness. In addition, the government is also actively developing Smart Government, and aims to actively and accurately provide public services to improve citizens' digital well-being.

## **II. Social Transformation and Income Distribution**

Economic and social inequalities derived from globalization, AI, and aging populations pose severe challenges to countries around the world. The situation in Taiwan is relatively mild as compared with advanced countries. The government will continue to strengthen the health and epidemic prevention network, fill in gaps in the social security network, and strengthen the social care system in the next four years, while promoting a balance between innovation, productivity, and distribution.

### **(I) Innovation, Productivity, and Distribution**

The development experience of digital economy of advanced countries shows that innovation activities are increasingly flourishing, but have not yet fully reflected on productivity growth and fair distribution in society. A similar trend has appeared in Taiwan as well. It is clear that despite Taiwan being listed as one of the world's four super innovators by the World Economic Forum (WEF) for two consecutive years, the average increase in Taiwan's index of labor productivity between 2011 and 2019 was 1.41 percentage points lower than 10 years ago (2001-2010), and the average increase in real wages was only 1.07% during the same period, far lower than the economic growth rate. In the next four years, the government will accelerate the increase in digital productivity, and will create the conditions of fair distribution of income, thereby achieving simultaneous improvement in innovation, productivity, and distribution.

## **(II) Low Birth Rates, Aging Population, and Social Transformation**

According to the Population Projections for 2018 to 2065, Taiwan's population will peak in 2021 and then show negative growth. Even though Taiwan will still enjoy demographic dividends in the next four years, low birth rates and an aging population will comprehensively impact all aspects of Taiwan's society and economy. The government will accelerate social innovation and transformation in response to the increasing dramatic changes of demographic structure. For example: providing measures to further encourage childbirth, creating a workplace environment favorable for elderly workers, and accelerating the popularization of long-term care services.

## **(III) Youth Employment and Income**

The unemployment rate among youth between the ages of 15 and 24 averaged 12.25% between 2012 and 2019, which was 3.13 times the overall unemployment rate of 3.91%. The relatively high unemployment rate among the youth does not benefit social cohesion and growth potential. Furthermore, the annual growth in disposable income among the youth under the age of 30 was only 1.86% in 2017 and 0.04% in 2018, lower than the income of all workers during the same period of time. This shows that income distribution is an issue that urgently needs to be improved for the youth. In the next four years, the government will strive to improve the professional skills of the youth, provide them with sufficient work opportunities, and improve their employment environment to increase their income.

## **III. Regional Balance and Environmental Sustainability**

Taking care of balanced economic development between regions and environmental responsibility at the same time is an important goal of the government. Over the past four years, the government has seen the initial

results of its efforts to balance the development of Northern and Southern Taiwan, and reduce the gap between urban and rural areas. In the next four years, the government will step up efforts to balance the development of industries and population in different regions. The government will dedicate its efforts to national land conservation, developing a green economy, expanding green investments, and mitigating the damage caused by economic activity to the environment, in order to mitigate the impact of extreme weather events on the domestic economy and environment.

### **(I) Industrial Clusters and Local Economy**

To achieve the goal of a “Balanced Taiwan,” the government has linked together regional innovation and industrial clusters, and developed complete local industrial ecosystems. On one hand, the government is promoting the transformation and upgrade of local industrial clusters. On the other hand, it is accelerating local connections and attracting industries to drive local economic development and attract the youth to return.

### **(II) Climate Change and National Land Conservation**

Climate change has increased the frequency and strength of extreme weather events, which has posed severe challenges to the ecosystem, infrastructure, and economic growth. Taiwan has exerted great effort in GHG reduction, pollution prevention, and maintaining environmental quality in recent years, and has gained initial results. However, there is still room for improvement to meet international standards. Furthermore, the government is also actively developing green and blue economy, and adjusting the industrial structure towards low carbon. The government is also implementing marine governance and ensuring balanced supply and demand on water resources.

### **(III) Expand Green Investments**

To help domestic green industry obtain capital required for

operations and development, the government will implement the Green Finance Action Plan 2.0 based on the existing foundation, fully supporting the green industry's development. The government will reduce the damage to environmental quality and natural resource depletion, and strengthen green GDP growth momentum. However, international organizations stressed that in addition to increasing green investments, strong supervision as well as appropriate environmental pricing are necessary to achieve the transformation to a green economy and improve people's quality of life. Taiwan currently does not levy any carbon tax, but will need to continue to closely follow international developments in carbon tax and related issues in order to formulate response measures.

### **Three. Macroeconomic Targets for 2021-2024**

The government will implement New Economic Development Model 2.0 to face the challenges and opportunities of changes in the global political and economic structure in the post-COVID era, and will adopt an expansionary fiscal policy, appropriate monetary policy, and structural reform policy to resolve potential structural issues that have long existed in Taiwan's economy. With regard to the source of economic growth, the government aims to drive the next wave of Taiwan's economic development through investment and digital innovation, and to enhance the efficacy of laborers and capital and the spillover effects of technology and innovation through AI and automation, so as to realize a innovation-driven economic growth.

#### **I. Baseline Forecast (Trend Projections)**

Taking global economic development trends in the post-COVID era, and trends of Taiwan's factors of production (labor, capital accumulation, and total factor productivity) both into consideration, Taiwan's average economic growth rate between 2021 and 2024 is projected at 2.8%.

#### **II. Scenario 1: Baseline Forecast + Efficacy of Policies**

There is still high uncertainty regarding future developments of the pandemic and economic activity. In the baseline forecast, Taiwan's economic growth rate is 2.8%, lower than the average of 2017 to 2020 (3.4%), showing that there is still room for the domestic economy to grow after the pandemic. On this basis, advanced deployment of efficacy of policies is necessary for the efficient allocation of overall resources.

The efficacy of policies emphasizes using investment and digital innovation as the main drivers of growth. There are three key points: The first is that adjustment of the domestic economic structure must cater to

global economic development trends and opportunities in the post-COVID era, and promote the six core strategic industries on the foundation of the 5+2 Industrial Innovation Plan to increase Taiwan's economic resilience. The second is to continue the implementation of forward-looking infrastructure projects and the Trillion Investment plan to secure future economic development. The third is to seize opportunities of having the same starting line in terms of 5G commercialization as the rest of the world, and develop a 5G economy to increase economic output and improve people's well-being.

After comprehensively evaluating the quantifiable benefits of policies in question, the average economic growth rate can reach 3.7% from 2021 to 2024, an increase of 0.9 percentage points compared with the baseline forecast.

### **III. Scenario 2: Baseline Forecast + Efficacy of Policies + Downside Risks**

Based on the "Baseline Forecast + Efficacy of Policies" above, if the downside risks from international uncertainties are considered, including: (1)The follow-up development of the US-China trade war and technology dispute; (2)Can COVID-19 be effectively controlled worldwide, progress of vaccine supply and access, and the schedules of countries for easing lockdown measures; (3)The direction of global monetary policy, trend of international raw materials prices and international market volatility. The average economic growth rate in 2021-2024 will be revised down to 3.3%, but is still 0.5 percentage points higher than the baseline forecast.

### **IV. Macroeconomic Targets**

Summarizing the simulation above, the macroeconomic targets for 2021-2024 are as follows:

(I) Economic growth rate: Average 3.3%-3.7% in 4 years. In which:

1. The lower bound of 3.3% reflects on the government's active implementation of various policies to mitigate the negative effects of risks from global uncertainties on Taiwan.
2. The upper bound of 3.7% reflects on the government's efforts to effectively increase potential production capacity to speed up economic growth.

(II) GDP per capita: 4-year average of US\$32,335-US\$32,648.

(III) Unemployment rate: 4-year average of 3.5%-3.7%.

(IV) Increase rate of core CPI: 4-year average of 1.0%-1.5%.

**Table 1 Important Macroeconomic Targets**

Item	2020 Actual Value	Average of 2021-2024
Economic growth rate (%)	3.11	3.3-3.7
GDP per capita (USD)	28,383	32,335-32,648
Unemployment rate (%)	3.85	3.5-3.7
Increase in core CPI (%)	0.36	1.0-1.5

Note: Core CPI is CPI excluding vegetables and energy.

Source: Executive Yuan Directorate-General of Budget, Accounting and Statistics (DGBAS) and NDC.

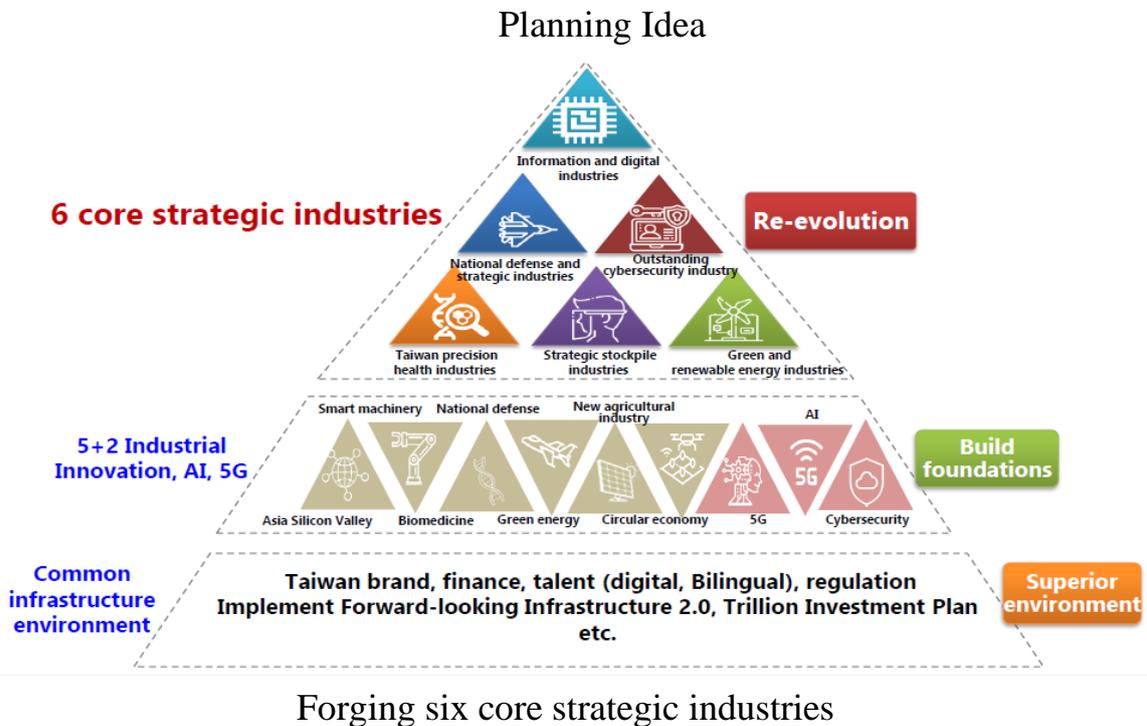
#### **Four. National Development Strategies (2021-2024)**

Over the past four years, the government has pursued a new economic development model based upon the values of innovation, employment, and equitable distribution. By implementing the 5+2 Industrial Innovation Plan and optimizing the startup ecosystem, Taiwan has been listed as one of the world's top four super innovators for two consecutive years. The government has increased domestic demand through forward-looking infrastructure projects and has attracted overseas Taiwanese businesses returning and foreign enterprises to invest more in Taiwan, and has also promoted more diverse positioning through the New Southbound Policy. These efforts have created a new momentum for economic growth and development. With the complete healthcare and public health system, Taiwan was able to withstand the severe challenges brought by the global trade war and COVID-19 pandemic, bringing Taiwan's economic growth back to the top of the Four Asian Tigers. Furthermore, the government implemented a series of measures to share the fruits of economic development with all people, including tax cuts, raising the minimum wage, childcare subsidies and long-term care 2.0, and caring for the youth and laborers. In the next four years, besides carrying out the five missions to “pull through the pandemic, revitalize the economy, care for the people, implement more in-depth reforms, and achieve balanced development” as instructed by the President, the four-year National Development Plan was formulated with a grand vision and forward-looking prospects in mind based on the President's declaration to “proactively develop our industries, foster a safe society, ensure national security, and deepen our democracy” during her inaugural address. The government will exert every effort in the implementation of New Economic Development Model 2.0, aiming to forge a happy society that takes care of all ages, shape a LOHAS homeland for balanced

development, and build peaceful foreign relations for generations, which will enable better economic performance, more thorough care, and stronger national security.

**I. Digital innovation, launching new economic development model 2.0**

The government will uphold the policy principle of “achieving growth while maintaining stability, and seizing opportunity amid changes,” and launch New Economic Development Model 2.0 to actively forge six core strategic industries, continuing to promote industrial innovation, optimization & transformation, refining the development environment for startups, developing a capital-deployment center for Asia businesses and high asset & wealth management center, forging a digital nation, smart island, cultivating a new generation of excellent manpower, optimizing innovative financial industries, and enhancing the sustainable financial structure. These strategies aim to open up a new economic landscape and make Taiwan a key driver for global economy.



**(I) Forging six core strategic industries**

To respond to the heavy impact of US-China trade war and COVID-19 pandemic on global trade, economy and supply chains, meet the need of the development of Industry 4.0 worldwide, grasp opportunities arising from changes in international division of labor and restructuring of supply chains, and activate key technology innovative R&D capability to drive industrial digital transformation, the government will actively develop, on the basis of the 5+2 Industrial Innovation Plan promoted by the government over the past four years, the six core strategic industries, namely, information and digital industries, cybersecurity industry, precision health industry, green and renewable energy industry, national defense and strategic industries, and strategic stockpile industries, through promoting top notch industries, enhancing technology innovation, expanding international cooperation, and many other strategies,. The aim is to allow Taiwan to grasp advantages from restructuring of global supply chains in the post-pandemic era and become a key driving force in the global economy in the future.

**i. Six core strategic industries****(1) Information and digital industries**

A. Main theme: Maintaining lead in ICT technology, exporting AIoT and 5G products and services.

**B. Objectives**

- a. Semi-conductor advanced manufacturing process technology R&D.
- b. Export of 3-5 AIoT solutions.
- c. 5G related products gain international telecommunications equipment manufacturers and system suppliers' recognition.

C. Strategy

- a. New generation semi-conductor technology R&D: Promote the cooperative development of semi-conductor, B5G(Beyond 5G) communications and other technology by Taiwan's enterprises and major international companies; assist companies develop high-end semi-conductor manufacturing technology, semi-conductor equipment and materials, B5G, Edge AI smart display and other forward-looking technology.
- b. Facilitating 5G and AIoT application and export: Select superior companies in the Smart City field and export AIoT solutions via international alliance or enterprise-to-enterprise approach; expand open data's commercialized opportunities and accelerate AIoT application and development through smart integration and value-added application of government data.
- c. Integrate domestically produced 5G Open Ran solutions: Domestic operator and major international companies cooperate to develop 5G products that match Open Ran to fit into the international supply chain.

(2) Outstanding cybersecurity industry

A. Main theme: Enhancing protection for emerging areas, building high-level fields for actual operations.

B. Objectives

- a. Develop five international cyber security solutions in new areas.
- b. Build fields for international attack and defense and high-level cybersecurity talent training base.

C. Strategy

- a. Develop 5G, semiconductor and other forward-looking

technology: With technology development programs, develop IC design testing, 5G and other protective technology and AI assisted investigation and prevention; establish 5G network cyber security management mechanism and an Edge computing cybersecurity testing and verification laboratory.

b. Develop solutions in new areas such as AIoT and medicine: Promote a cross-area joint defense plan; cybersecurity operators and 5G, IoT, medicine and other new industries will form a team and collectively develop protective products and services; through each industry's platform, the products and services needed by each core industry will be subject to stock taking and introduced.

c. Establish cyber security attack and defense and international cooperation agency: Carry out the forward-looking cyber security research needed for national defense and national security; establish four key infrastructure simulation fields and carry out attack and defense drills; cooperate with institutions in Europe and North America such as UC Berkley and the NATO Cooperative Cyber Defense Centre of Excellence.

d. Complete the environment for cybersecurity in higher education: Add 80 teachers and increase salary subsidy through the program of increasing cybersecurity teacher.

(3) Taiwan precision health industries

A. Main theme: ICT integrated with biomedicine and epidemic prevention to drive cross-area innovation.

B. Objectives

a. Develop three precise health international level solutions for

cancer and important illness etc.

b. Promote the Taiwan brand globally.

C. Strategy

a. Establish a big data databank of gene and national health insurance: Establish data format standardization, integrate databanks such as BioBank, national health insurance, and cancer registration with a health big data sharing platform.

b. Develop precision prevention, diagnosis, and medical care systems: Through open health databank with big data analytics, develop AI image interpretation, cell therapy, chronic disease and health related risk monitoring and other services.

c. Develop precision epidemic prevention products: Develop precision diagnosis systems such as smart epidemic prevention (entry quarantine), 5G remote epidemic prevention and new infectious diseases; establish bio-pharmaceutical plants and strategic platform resource bank, continue stable operation of the technical support platform, and develop new infectious disease vaccines and drugs through AI.

d. Expand international biomedicine business opportunities: Export the successful epidemic prevention model around the world, such as entry quarantine, epidemic prevention tracking and other smart epidemic prevention systems; use methods such as digital marketing and overseas locating to export pharmaceuticals, medical materials and precise health services and products.

(4) National defense and strategic industries

A. Aerospace and shipbuilding industries

a. Main theme: self-maintenance, military-civil cooperation,

international certification.

b. Objectives

- self-maintenance of F-16s.
- R&D in aerospace technology: 14 achievements, including engine.
- R&D in ship technology: 8 achievements, including propulsion system.
- International certification: 10 authorized certificates in aerospace, and 4 in ship-related fields.
- Establish 3 to 6 academic research centers and nurture 130 masters and doctoral degree holders specializing in national defense R&D in the next four years.

c. Strategy

- Self-maintenance of F-16: Through buying F-16s, strive to gain technology transfer from Lockheed Martin, develop core technology, apply for supply chain certification, and establish a F-16 maintenance center.
- Complete aerospace and ship supply chain: Through indigenous production of the T-5 Brave Eagle and ship, spur cooperation between related operators to improve product quality and technology; through implementing the promotion program of aerospace and ship industries, professional institutes will guide suppliers to develop key technical systems; develop engines, underwater modules and other key technology, and jointly develop aerospace/ship design, production, maintenance and other technologies through industrial upgrading innovation platform guidance plans.

- Military-civil cooperation: Execute military-civil dual-use technology development projects to assist companies to possess the capability to develop and manufacture qualified military products; through procurement, request overseas companies to assist operators gaining international certification; promote the establishment of a national defense technology research center to build up forward-looking research capability of national defense and, at the same time, nurture national defense R&D talent.

#### B. Space industry

- a. Main theme: Develop low-Earth orbit satellites and ground stations and support equipment.
- b. objective
  - 15 achievements in key technologies of satellite.
  - Launch the first B5G satellite in 2025.
  - Increase the value of ground communications equipment output by NT\$80 billion.
  - 24 flight tests of indigenous space components and secondary system verification.
  - Facilitate cooperation with 3 major international companies.

#### C. Strategy

- Advance remote sensing satellite technology: Through help from think tanks or professional institutes, advance FORMOSAT-8 program and improve technical capabilities of satellite, remote sensing payload and ground equipment.
- Establish B5G telecommunication satellite technology: Think tanks or professional institutes will help create a low-Earth orbit B5G communication satellite and payload, and develop

domestically made components; enhance key technology of ground communication equipment, such as small satellite receiver stations and aerals.

- Provide testing and verification of space product: Form a strategic alliance with operators to establish a space parts inspection platform, carrying out space simulated environment tests of domestically made products; through FORMOSAT-8 program, complete final flight test of domestically made components and secondary system verification.
- Promote Space Nation brand: Participate in international space exhibitions and business solicitation meetings to establish Taiwan's brand image as a space nation.

(5) Green and renewable energy industries

A. Main theme: 2025 national energy transformation, export of wind energy industry.

B. Objectives

- a. Gain manufacturing capability of key parts and components of 9-124 MW, large wind turbine.
- b. Reach 5.7GW installed capacity and NT\$1 trillion investment in offshore wind power by 2025.
- c. Pursuit orders from South Korea, Vietnam and other Asia-Pacific wind power markets.

C. Strategy

- a. Establish special industrial zone and R&D bases: Develop the next generation high conversion efficiency optical technology at the Shalun Smart Green Energy Science City; establish the Kaohsiung Marine Technology Special Zone, and introduce underwater infrastructure, R&D in marine engineering and

certification capability; promote the Taipei Port and the Taichung Port as the special zones for offshore wind power localization to carry out international cooperation on large wind turbine manufacturing.

- b. Optimize the system for participating in green energy: Complete the green energy certificate market and transaction system; establish a national financial guarantee system.
- c. Build an offshore wind power national team: China Steel and CSBC Corporation will lead the national team to build important production bases for wind turbines, underwater infrastructure, marine engineering and others.
- d. Enter the Asia-Pacific wind power industry chain: Form a strategic alliance between green energy operators, international developers and system companies to create a supply chain ecosystem, and collaborate with export credit guarantee agencies for entry into the Asia-Pacific wind power market.

(6) Strategic stockpile industries

A. Main theme: Build strategic stockpile industries to ensure the supply of key materials.

B. Objectives

- a. Expand sources of energy import, stabilize energy import, ensure and increase energy security reserve, enhance the capability in response to possible disruption of energy import, secure energy autonomy.
- b. Ensure the supply of food required for the whole country for 3 months, and optimize food security resilience.
- c. Implement domestic production for domestic consumption, build a joint procurement platform for domestically produced

medical materials, promote purchase of domestically made products by the medical system, and enhance self-production of medical material.

- d. Important livelihood materials are produced domestically to ensure supply stability of raw materials (maintaining 3-5 months' safety stock of paper pulp, soybeans and wheat during epidemic period) and self-production capability.
- e. Build robust mechanism of dispatching machinery and equipment for disaster rescue, and enhance domestic supply capacity of gravel and cement.
- f. Develop domestic supply and technical autonomy for major industrial key materials such as semiconductor materials and equipment, vehicle batteries, and active pharmaceutical ingredients.
- g. Implement combat readiness storage of important industrial materials.

### C. Strategy

- a. Ensure energy autonomy: Through long-term contracts and purchase of spot goods, achieve import diversity and ensure the safety reserves of petroleum, coal and natural gas meet legal requirements; continue to expand natural gas transportation and storage equipment to increase the safety reserve and lower the risk of energy outage.
- b. Optimize food security: Establish at least two cold chain distribution centers, assist markets and production facility owners and operators upgrade refrigeration equipment.
- c. Enhance people's livelihood materials: Continue monitoring to ensure domestic sufficient stock of key raw materials for people's livelihood such as toilet paper; undertake a rolling

stocktake of the supply of raw materials for basic processing industries such as soybean oil and wheat flour to ensure emergent self-production capability.

- d.Ensure the availability of medical resources: Through machines requisition and technology transfer, etc., coordinate suppliers to produce facemasks for domestic use; establish a joint procurement platform to promote the purchase of domestically made products by the public and medical sectors.
- e.Enhance the dispatch of disaster rescue resources and the supply of gravel and cement: Develop a new version of resources system to classify and manage key machinery (equipment) to increase dispatching efficiency; eliminate the reliance on imported gravel, prohibit the import of sea sand, promote special areas for extraction of earth and rock, and maintain cement autonomy.
- f. Promote semiconductor materials and equipment autonomy: Promote technological autonomy for regulated semiconductor materials, equipment localization, and local manufacturing by foreign companies.
- g.Enhance the independent development of vehicle batteries: Enhance technology and uniqueness of vehicle battery, and expand the needs for diverse applications in the market.
- h.Increase self-supply of Active Pharmaceutical Ingredient (API): Promote self-production and self-use of domestically made pharmaceuticals, and stabilize domestic API supply.
- i.Ensure the supply of 15 important industrial materials: Perform annually a rolling review of the dynamic data of the sales and inventory of the main companies of 15 important

industrial materials to implement combat readiness storage; establish a response center to overall scheduling of production lines, make a list of importers and exporters who are able to procure relief materials on an emergency basis, and grasp the capacity of domestic logistics.

ii. Common infrastructure environment

The government will also optimize the common infrastructure environment for the development of every industry, including talent, regulations, finance, Taiwan brand, etc., fully supporting the promotion of the six core strategic industries.

(1) Gathering digital and bilingual talent

- A. Nurture local digital talent: promote measures such as gradually increase the number of teachers and students at STEM departments, and establish research colleges focused on national key fields.
- B. Recruit international digital elite: Implement enhanced measures such as promoting the digital talent recruitment program and attracting foreign students to study at digital related departments in Taiwan.
- C. Enhance bilingual ability and international vision: Formulate advanced measures such as promoting all-English teaching in specialized areas, and promoting international exchange of industrial talents.

(2) Optimizing the regulatory environment

Take stock of important items of regulatory adjustment, and optimize the regulatory environment for industrial development:

- A. Provide enterprisers with a fund raising and rewarding channel and promote human resources development; formulate revision of the Business Mergers and Acquisitions Act, Biotech and

New Pharmaceutical Development Act and Act for the Recruitment and Employment of Foreign Professionals to extend the relaxation of existing restrictions.

B. Establish a sound development environment for cyber security and telecommunication, formulate digital communication and broadcast related regulations, and revise the Cyber Security Management Act to refine management regulations according to the development of technology.

C. Complete digital application related regulations, formulate the Regulations Governing Internet Audiovisual Services, and amend the Act Governing Electronic Payment Institutions to foster sound development of new industries and protect the rights of citizens as well.

(3) Provide diverse and flexible financial support

A. Establish a new board and expand loans and investment for industries.

B. Promote national financial guarantee and investment by the national investment company (Taiwan Capital).

C. Develop capital-deployment center for Asia businesses and high asset & wealth management center.

(4) Build a national team to promote “Branding Taiwan”, global marketing, and strengthen international cooperation.

## **(II) Continuing to promote industrial innovation, optimization & transformation**

1. New plan for promoting agricultural innovation

(1) Improve the welfare system for farmers

Establish a complete agricultural insurance mechanism, increase the scope of coverage, and ensure operational safety. Implement the Farmer Pension system to ensure farmers’

livelihoods after retirement. Make timely amendments to regulations on health insurance for farmers to protect their work rights. Examine the types of farmer's occupational injury and strengthen the insurance system and scope of coverage, and conduct rolling reviews to improve the occupational injury insurance for farmers.

(2) Robust infrastructure environment

With regard to farmland management, agricultural development zones are designated for adaptive development, and develop agriculture-based green energy facilities. With regard to green environmental payments, farmlands are encouraged to engage in direct payment in rice, rotation, or production environment maintenance, and basic payment for agricultural environments is provided for farmland and ranches in non-urban specific agricultural zones and general agricultural zones that maintain agricultural crop production. With regard to agricultural labor, monitor and effectively utilize overall agricultural labor, with foreign workers utilized for various purposes based on the principle of providing supplementary labor, and compete a guidance system for young farmers. Expand irrigation services and increase water use efficiency by enhancing public irrigation facilities of extraction, storage and transmission, increasing subsidy for field water conservation facility, and including in irrigation district area scope and other methods. Keep African swine fever away from Taiwan, keep Taiwan clear of foot-and-mouth disease, and step up border and domestic quarantine and inspection measures, as well as emergency prevention mechanisms.

(3) Enhance industrial competitiveness

Implement the Organic Agriculture Promotion Plan and expand the traceability certification. Promote smart agriculture, introduce key technologies for smart production and digital services, implement scientific and research mechanisms, and facilitate the commercialization and industrialization of R&D results. The goal is to have 10% exports, 10% processing, and 10% promotion to create an agriculture and food production and sales structure that benefits farmers and consumers, and better adjustment of production and sales. Promote diverse forest industries and technologies for under-forest growing and farming of forest by-products, and establish a national ecological green network. Implement responsible fisheries, eliminate illegal fishing, stably develop offshore fisheries management, revitalize aquaculture, increase average output value by at least 10%, optimize coastal fisheries management, and strengthen the development of fishing harbor environments. Promote the modernization of the livestock industry, eliminate difficulties in quarantine procedures, and restart pork exports. Promote the integration of production to primary processing of agricultural products, develop a cold chain system for agricultural products, and establish a flagship logistics center and regional cold chain system. Establish an agricultural product export platform for agricultural product export growth to reach 3% a year. Develop villages that are suitable for agriculture and for living, where production, life, and ecology can prosper all together.

## 2. Circular economy

- (1) Promote R&D and zones for circulation technology and materials innovation: Integrate efforts from industries, the government, the academia, and research institutes with the capabilities of the public

and private enterprises, and jointly engage in innovative R&D, the establishment of dedicated zones, and R&D talent cultivation. Utilize government policies to drive the development of material industry and promote a domestic circular market based on the needs of target oversea markets and industries.

- (2) Establish a new circular economy demonstration park: Develop a new circular economy demonstration park and properly collect, recycle, and reuse the cold (heat/steam) energy, resources, waste, and wastewater generated during the production process of firms in the park. Transform existing industrial parks into circular industrial parks, and guide industries to develop low carbon and clean production technologies.
- (3) Promote green consumption and transactions: Create green consumption models and innovative business models and encourage consumers to choose these models. Promote green government procurements, use recycled materials in public construction projects, or give priority to eco-friendly or recycled products certified by the government during procurement.
- (4) Promote energy and resource integration and industrial symbiosis: Focus on waste reduction, reuse, and environmental protection, strengthen the recycling system, ensure the quality of recycled materials or reused products, establish supervision mechanisms, and optimize the regulatory system.

### **(III) Refining the development environment for startups**

#### **1. Meeting funding needs of startups**

- (1) Gradually increase allocation of investment amount by angel investor to NT\$10 billion and deliberate on loosening regulations including years of startup for angel investors to enjoy tax preference. Also, adding additional NT\$60 billion for youth

entrepreneurship preferential loans to provide early-stage funding for startups.

- (2) Actively cooperate with first-rate global venture capital firms, introduce smart capital and introduce international startup valuation methods to align with the international fund raising market.
- (3) Increase subscription amount of equity crowdfunding and deliberate on lowering the threshold on capital contribution of limited partnership venture capital forms subject to transparent entity tax to enhance investment in Taiwan startups.

## 2. Complete regulatory environment

- (1) Enhance the functions of the startup regulatory adjustment platform to assist with resolving legal problems.
- (2) Actively implement FinTech development, Unmanned Vehicles Technology Innovative Experimentation Act and other sandbox systems, provide startup products, services, business models with a test environment and encourage innovative applications.

## 3. Rejuvenating startup talent

- (1) Revise the Act for the Recruitment and Employment of Foreign Professionals to increase the number of international startup talents coming to Taiwan.
- (2) Train college entrepreneurship teams, introduce domestic and foreign enterprise mentors and resources to encourage starting businesses based on research results.
- (3) Cooperate with well-known international enterprisers, colleges/research institutions, assist Taiwan's startup talent go overseas for training, enhance innovative technology R&D, and increase practical experience of starting a business.

## 4. Expand exit mechanism

- (1) Accelerate the revision of the Business Mergers And Acquisitions Act, adding new article that the intangible assets arising from merger and acquisition can be amortized annually, and lower the threshold for asymmetric merger and acquisition to increase incentive for merger and acquisition.
- (2) Through enterprise visits, theme forums, Demo pitch and exchange meetings, etc., precisely match enterprises and startups to provide cooperation opportunities for large and small enterprises.
- (3) Establish a new board for startups, and encourage emerging businesses with growth potential to list; lower threshold for diverse listing, loosen restrictions on market value, revenue and net value to accelerate the successful exit of startups.

#### 5. Accelerate startups' market expansion

- (1) Assist representative startups (Next Big) expand their overseas markets, enhance the landing consultation and business opportunity matching functions of Taiwan's overseas offices to enhance matching with international enterprises and investors.
- (2) Expand the promotion of the national brand for startup, Startup Island TAIWAN, assist startups participating in important international professional exhibitions and continue to promote international startup clusters to attract overseas startups and well-known accelerators to Taiwan.
- (3) Refine the startups' Inter-entity Supply Contracts procurement mechanism, assist excellent startups to launch products, and promote more cooperation opportunities through precise matching, subsidize local government, and enhance marketing of success stories.
- (4) Establish information platform for startups to assist startups gain

international exposure.

**(IV) Developing a capital-deployment center for Asia businesses and high asset & wealth management center**

1. Establish a capital-deployment center for Asia businesses

Appropriately amend regulations on opening offshore banking unit (OBU) accounts by domestic enterprises, and evaluate the appropriate relaxation of regulations on foreign exchange settlement by domestic banking units (DBUs), in order to make fund utilization more convenient.

- (1) Domestic companies that need financing for international operations are allowed to open accounts in OBU in accordance with the Offshore Banking Act for the purpose of credit operations, making it convenient for companies to use foreign currency.
- (2) Evaluate the appropriate relaxation of regulations on declarations of foreign exchange settlements by DBUs to increase the convenience of cash flow and benefit companies' fund allocation.
- (3) Provide tax services to overseas Taiwanese businesses returning and investing in Taiwan, promote the application of Management, Utilization, and Taxation of Repatriated Offshore Funds Act, and guide funds into Taiwan's industries and financial market.

2. Develop Taiwan into a high asset & wealth management center

- (1) Allow qualified banks and securities firms to provide wealth management or securities services to high-asset customers, establish mechanisms for cultivating wealth management talent, and promote and carefully supervise financial products and services provided to high-asset customers.
- (2) Allow investment in wealth management related financial products and services, diversify wealth management products and

investment channels, and attract more domestic and foreign investors to use wealth management services in Taiwan.

- (3) Expand the scope of business of financial institutions, as well as related business operations, in order to attract more international capital to invest in Taiwan.
3. Establish a “national financing guarantee mechanism” for exerting capital momentum and accelerating economic growth
- (1) Establish the national financing guarantee mechanism. With funding provided by the National Development Fund and financial institutions, establish a guaranteed special fund with the total guaranteed amount equal to 10 times loans in principle, to guide abundant domestic financial funds into major economic construction projects.
  - (2) Targeting financing plans from domestic green energy construction development operators, green energy equipment and service operators, and major public construction operator, the national financing guarantee mechanism will provide partial guarantees and bear some risk to facilitate the passing and success of financing plans.

#### **(V) Forging a digital nation, smart island**

In addition to the six core strategic industries, the government will also continue to implement the next phase of Digital Nation & Innovative Economic Development Program (DIGI<sup>+</sup>) (2021-2025) to forge a “digital nation, smart island.”

1. Implementation the next phase of DIGI<sup>+</sup>(2021-2025)
  - (1) Digital foundation: Review the government’s interdisciplinary high speed network resources and data centers with high performance processing and data storage capabilities to improve the foundation for data governance. Select key fields (e.g.,

precision medicine, smart transportation, etc.) for the development of 5G key applications and prioritize its infrastructure development. Combine cloud computing and AI technology to complete the domestic IoT and disaster prevention and relief communications environment, and lay the foundation for an integrated high performance network. Expand submarine cables and strengthen emergency repair mechanisms, and build advanced network infrastructure, such as Taiwan Fibre Channel and Beyond 5G satellite communications.

- (2) Digital innovation: Establish a government digital information service platform to provide one-stop services to SMEs, and help SMEs complete digital transformation and connect to international markets through the strategy of “large enterprises take small ones under their wings”. Cultivate professional talent for semiconductors and ICT, as well as digital talent and talent with special skills needed for digital transformation. Create an innovative environment for the commercialization of digital services and popularization of applications. Develop a digital culture economy and create momentum for digital creation. Establish R&D and defense capabilities of international cyber security, grasp groundbreaking digital technologies needed for next generation to become a trustworthy supplier in the industrial chain in digital economy.
- (3) Digital governance: Increase benefits from open data and data re-use, formulate an assessment procedure for data with high application value, expand the release of data that meets the needs of the public; increase data quality, and accelerate the flow and use of cross-field data. Promote field-specific data markets, prioritize fields in people's everyday lives, such as finance,

healthcare, and mass transportation, establish management regulations and guidelines, and encourage citizens to propose or participate in contests for innovative interdisciplinary experiments, in order to create a data friendly ecosystem.

- (4) Digital inclusion: Improve digital work abilities required for different fields, promote the cultivation of professional digital talent with problem-solving ability, establish a talent matching mechanism, carry out regulatory adaptation, and strengthen labor rights protection while promoting industrial digital transformation. All people share digital environment and resources, and are not discriminated against gender, race, ethnicity, age, occupation, place of birth, and social class.

## 2. Restructure the digital development organization

- (1) Formulating a competent authority or mechanism that integrates 5 major fields, including information technology, cyber security, telecommunications, network, and broadcasting, and make overall plans for implementing digital infrastructure, smart applications, digital economy, and smart government services.
- (2) Integrate management of resource allocation and industry guidance for Taiwan's digital economy through public-private partnerships, and increase benefits from digital convergence.
- (3) Provide effective guidance and resources for cross-departmental operations involving telecommunications, broadcast TV, digital content, cloud applications, over the top (OTT), and open data applications.

## 3. Develop a precise and trustworthy smart government

- (1) Establish a demand-oriented data analysis and decision-making model: Develop cross-agency decision-making data analysis and collaboration mechanisms aligning with Taiwan's sustainable

development direction, and jointly carry out data sharing, analysis, and problem analysis with related ministries for issues people care most about.

- (2) Improve smart services that apply emerging technologies: Promote the use of diversified identification mechanism by government agencies and data transmission between agencies to develop safe and reliable digital government services.
- (3) Establish precise and reliable digital infrastructure: Develop highly secure ICT facilities, formulate complete support measures for digital transformation, and continue to strengthen ICT infrastructure and cross-agency data transmission security. Promote national base map spatial data infrastructure, and establish high quality circulation and services of 3D maps. Fully utilize the power of enterprises and crowdsourcing for regulatory adaptation, government service transformation, and digital talent training.

#### **(VI) Forging a bilingual nation by 2030**

Facing the wave of globalization and internationalization, the government launched the “Bilingual Nation 2030 Policy” to create a bilingual environment on the policy level to nurture the talent Taiwan needs to go out into the world, and to serve as the bridge that links Taiwan and the world, taking Taiwan’s talent and industry to the world stage.

Based on the promotion results of 2019, the intensity of implementation was increased from July 2020. The government will establish a dedicated agency to promote various bilingual national policies; promote university teaching bilingualization, calling on willing senior high schools with suitable conditions to use English for learning in multiple areas, combining with technology to establish English

self-learning and testing systems, supporting the English learning of students in remote areas and disadvantaged students, increasing English teaching capability, using digital technology to increase English ability, providing low cost and convenient English testing, and through public-private partnership, carrying out special field English testing to nurture English language talent in various areas.

Also, to improve the English ability of personnel who deal with international organizations and English-speaking countries, raising the English score percentage for civil service examination or adding GEPT English test pass as a qualifying requirement will be discussed; for existing civil servants, English learning resources will be made complete to assist civil servants whose work is deeply involved with English to improve their English ability.

By improving the English ability of talent in professional areas and civil servants, increase the international communication ability of talents of Taiwan and expand their international vision, allowing Taiwan's talent to bring their skills further into play and Taiwan to play an important role on the international stage, to increase the competitiveness of our talent and industry.

## **(VII) Cultivating a new generation of excellent manpower**

### **1. Strengthen industry-academia linkage**

- (1) Improve the industry-academia collaboration mechanism, establish a cross-ministerial system for industrial talent cultivation, promote the industry-academia joint talent cultivation platform, and establish a customized talent cultivation model.
- (2) Promote joint cultivation of professional technical talent by industry and academia, establish regional bases for industrial talent cultivation and skills training, align courses and equipment with industry needs, and strengthen students' practical abilities.

- (3) Improve the research and innovation capabilities of colleges, cultivate industry-oriented doctoral-level R&D talent, establish an innovation and entrepreneurship system that supports school teachers and students, and develop “research centers for featured fields.”
  - (4) Establish by-subject professional talent programs, and attract and cultivate professional talent.
2. Implement the Higher Education Sprout Project
- (1) Assist colleges in developing diverse features, cultivate a new generation of outstanding talent, guide schools to improve students’ basic abilities and employment competitiveness, and assist schools in strengthening local connections and guidance for underprivileged students.
  - (2) Assist competitive comprehensive universities and universities with featured fields to gain extraordinary features and global leadership in their dominant fields.
3. Optimize and retain domestic talent
- (1) Amend employee reward and remuneration related laws, and promote flexible salaries and abundant research funding.
  - (2) Provide subsidies to attract overseas talent to return to Taiwan, and increase salaries to recruit world class teaching and research talent.
  - (3) Provide one-stop services to help overseas Taiwanese businesses return to and invest in Taiwan, and thereby increase local employment opportunities.
  - (4) Help the youth enter emerging employment markets, increase employment among the middle age, elderly, and female population, and increase labor participation.
4. Extensively recruit and cultivate global talent

- (1) Carry out global talent recruitment actions, review key talent gaps in key industries, increase tax and employee reward and remuneration tools, and increase incentives to attract high level talent to Taiwan and stay in Taiwan.
- (2) Further relax regulations on foreign professions working and residing in Taiwan, and optimize social security for them, in order to create a friendlier immigration environment.
- (3) Optimize and establish a national talent recruitment network and related platforms, and provide high level talent with integrated services for work and life.
- (4) Create a friendly international environment, and cultivate domestic talent with an international perspective.
- (5) Cultivate New Southbound talent, expand bilateral talent exchanges, expand bilateral platform for education cooperation, and step up efforts to retain overseas Chinese students to work in Taiwan.

#### **(VIII) Optimizing innovative financial industries**

1. Promote FinTech and create a supervisory and regulatory environment that is friendly to innovation: Implement the dual track mechanism for FinTech innovation experiments and new business trials, and strengthen the functions of FinTech innovation parks. Gradually lift restrictions on bank operations and encourage the development of insurance technology. Integrate management regulations on stored value payment tools, and actively promote non-cash payment and mobile payment.
2. Assisting SMEs and startups in key industries in obtaining capital: Continue to assist SMEs and startups in obtaining loans and capital. Continue to implement the Green Financial Action Plan. Activate different aspects of the capital market, and improve the trading

efficiency of the securities market.

3. Align the financial system with international standards, and expand locations of the New Southbound Policy: Relax financial regulations to increase the international visibility and competitiveness of the financial industry. Encourage domestic banks to extend credit to enterprises or Taiwanese businesses in New Southbound countries, and establish new locations in New Southbound countries.
4. Promote inclusive finance and safeguard economic security: Encourage banks to develop trust for elderly care, and promote reverse mortgage loans for commercial real estate (housing endowment). Promote micro insurance to provide economically disadvantaged citizens with economic security.
5. Maintain discipline and stability in the financial market and optimize financial supervision: Implement the Financial Cyber Security Action Plan, supervise financial institutions to maintain stability and security of the financial system, and provide citizens with a secure trading environment. Strengthen the protection of financial consumer rights and investors. Implement regulatory compliance and anti-money laundering that complies with the principle of proportionality.

#### **(IX) Enhancing the sustainable financial structure**

1. Improve financial mechanisms and strengthen debt management: Implement zero-base budgeting and improve administrative performance. Improve local finances, actively control the debt ratio at each level of government, implement the debt warning and management mechanism, and increase local self-funding sources. Strengthen the special fund budget management system and improve the effectiveness of resource utilization.
2. Improve national financial management and asset utilization

efficacy: Continue to improve the tax system, activate national land in diverse ways, increase benefits from asset use, make fee collection more reasonable and institutionalized, improve the business performance of state-owned enterprises, strengthen public share management, and increase revenues for the national treasury.

3. Create a sound and tax-friendly system and implement tax reform: Continue to improve the tax system and simplify tax administration, protect the rights of taxpayers, and maintain tax fairness. Establish an internationally competitive tax environment, achieve transparency of international tax information, and expand the automatic exchange network of tax information.
4. Strengthen private participation promotion laws and implementation mechanisms, and create an investment-friendly environment: Strengthen business invitation and investment attraction for public construction projects. Deliberate on amending the Act for Promotion of Private Participation in Infrastructure Projects to establish public construction environment which benefits private participation to increase investment momentum.
5. Utilize emerging technologies to optimize tax and customs services: Create an environment with convenient electronic tax services, and strengthen big data analysis and applications in tax administration. Improve customs investigation technologies, establish an IoT monitoring system, and strengthen border investigation capabilities.

## **II. Forging a happy society for care of all ages**

### **(I) Improving long-term care system**

In response to the arrival of a super-aged society in Taiwan and new demands from elderly people in an aged society, revise the “Aged

Society White Paper” and lay out a new blueprint for an aged society, and continue to implement Long-Term Care 2.0 to establish a diversified and widely accessible long-term care service system.

1. Develop a community-based long-term care service system

- (1) Improve the community long-term care service system in both quality and quantity, and plan and establish a detailed and accessible community care service system (Long-Term Care ABC). Renovate community activity centers into long-term care service locations, and expand community service capabilities.
- (2) Establish a daycare center in every junior high school district to provide community care services within the living circle of people who need long-term care.
- (3) Include mature services and models into the long-term care payment standards, and increase the willingness of various sectors to invest in the long-term care industry.
- (4) Increase long-term care service capabilities for at least 70% of people who need long-term care to receive care.

2. Continue to improve the quality of home and community-based long-term care services

- (1) Improve services to prevent or delay disability, implement health promotion work for the elderly to exercise, and provide the elderly with health self-management service locations.
- (2) Provide better community care services for dementia patients.
- (3) Improve family care support services, increase the service capacity of home caregivers in Taiwan, increase the accessibility and coverage of services, and develop services suitable to local conditions.
- (4) Double the service efficiency to shorten the wait time for services, and shorten the period from application for long-term care

evaluation to service use to within 18 days.

- (5) Encourage hospitals to prepare patients for transitioning to long-term care services after discharge, and actively seek out those with a need for long-term care, so as to provide continuous long-term care services and shorten the wait time after discharge.
  - (6) Expand respite care services using foreign caregivers, and relax qualifications for using foreign caregivers in Long-Term Care 2.0.
  - (7) Increase cultural health stations, provide indigenous elderly with health promotion and care services based on local culture, and develop accessible long-term care services for indigenous people.
3. Deploy institutional accommodation resources and improve service quality
- (1) Lift the economic burden on people in long-term care institutions and their families, provide tax reductions and waivers, and provide subsidies for people residing in long-term care institutions.
  - (2) Improve the quality of institutional accommodation services, stabilize the scale of operations for sustainable operation, and further attract investments from industries to protect residents' right to be cared.
  - (3) Continue to establish affordable long-term care institutions in regions with insufficient long-term accommodation service resources, and guide the establishment of institutions of suitable scale and with reasonable fees through public-private partnerships.
  - (4) Provide better care for residents of institutions for people with disabilities, improve the quality of services provided by the institutions, and establish salary standards for personnel of the institutions to retain talent.
  - (5) Improve the safety of nursing homes and provide subsidies for nursing homes setting up public safety devices and equipment.

- (6) Promote age-friendly housing, renovate and construct elevator buildings, and incorporate elements of long-term care services in building plans to provide housing suitable for people of all ages.
4. Long-term care manpower training and development of innovative service models
  - (1) Strengthen training for long-term care manpower, and continue to develop long-term care manpower to increase service volume.
  - (2) Develop smart long-term care, use AI and ICT in long-term care auxiliary devices to lift the burden of long-term care manpower, and thereby improve long-term care service performance.

## **(II) Strengthening childcare services**

1. 0-2 years old
  - (1) Accelerate public childcare: Provide affordable, accessible, high-quality child care services with distinguishing features, and continue to construct public childcare facilities in communities.
  - (2) Continue to implement quasi-public childcare: Continue to sign contracts with nannies and private childcare centers, increase the childcare subsidy amount for parents, and extend it 2 to 3 years to kindergarten; increase the subsidy amount for the second child and after. Establish supervision, management, and exit mechanisms to ensure the quality of childcare services. Encourage childcare centers to lower the ratio of caregivers to children.
  - (3) Childcare allowance for children under two years old: Gradually plan to increase the allowance amount from NT\$2,500 to NT\$5,000 a month for each child, in order to lift the economic burden on families raising children.
2. 2-6 years old

Continue to increase the supply of affordable education and childcare services, lower tuition, and increase allowances to lift the

burden on parents.

- (1) Expand publicized (public, non-profit) nursery schools: It is planned from 2017-2023 to add 3,000 classes; the monthly fee paid by parents of children at public nursery schools will be reduced from NT\$2,500 to 1,500 from August, 2021; it will be further lowered to NT\$1,000 in August 2022.
  - (2) Enhance the quasi-public mechanism: in cooperation with private nursery schools that meet requirements, increasing opportunities for low-cost school near to home; the fee paid by parents of children at quasi-public nursery schools per month will be reduced from NT\$4,500 to 3,500 in August 2021; from August 2022, it will be further lowered to 3,000; the fee will be progressively lowered according to the number of children the family has from the second child.
  - (3) Childcare allowance for children aged two and over: Eligible children not receiving publicized or quasi-public preschool service will have the childcare allowance gradually increased to NT\$5,000 per month, with the amount of allowance increased with the number of children a family has starting from the second child.
3. Continue to optimize the tax system to provide better conditions for raising children

The amounts of standard deductions, special deductions for salary or wages, and deductions for persons with disabilities and preschool children were increased on January 1, 2018. Families of four with two earners (raising two children under the age of five) will not need to pay income tax if their annual salary is less than NT\$1,232,000.

### **(III) Improving youth wages, investing in the youth**

1. Improving youth wages

Gradually increase salaries, implement the “Youth Employment Investment Program”, and continue to drive industrial upgrade and transformation through the implementation of 5+2 Industrial Innovation Plan and six core strategic industries, continued optimization of the startup investment environment, and implementation of three major programs for investing in Taiwan. Boost economic growth momentum through these efforts to create a niche for raising salaries. Increase disposable income and improve quality of life by providing social housing and rent subsidies, improving the long-term care service system, and expanding public childcare, which will lift the financial burden on citizens.

## 2. Investing in the youth

### (1) Schooling: Further extend the payment of interest on student loans and assist economically disadvantaged students with enrollment

Relax the requirement on deferral of principal and interest payments to a monthly income less than NT\$40,000, in order to better care for the youth that recently graduated. Increased the limit on deferring payment to 1 year each time, up to 8 times in total (8 years). Borrowers will not need to repay the principal and interest will be paid by the government during the deferral period. After reaching the limit on deferrals, borrowers may continue to apply to only pay the interest and not the principal. The period of only paying interest and not the principal is extended from 4 years to 8 years. Implement the “Project for Supporting Economically Disadvantaged Students to Study in Featured National Universities”, and provide guidance to help 5,000 economically disadvantaged students enroll in national universities over 5 years.

### (2) Employment: Investing in youth employment

Establish regional bases for industrial talent cultivation and

skills training, and strengthen the connections between regional colleges with industrial clusters. Implement the Mid-level and Above Professional Technical Talent Cultivation Plan, in which technical colleges, high schools, industry associations, and companies cultivate mid-level and above professional technical talent for industrial transformation and upgrade. Encourage universities to establish advanced R&D and innovation bases similar to a mini-ITRI on campus or industrial clusters. Provide the youth with stable employment support, and implement the Employment Explore Supporting Program for High School Graduates in coordination with the Youth Education & Employment Saving Account Program.

(3) Entrepreneurship: Startup Hub

- A. Investing in youth entrepreneurship: Increase the amount of the Angel Investor Program based on actual requirements of domestic startups: The initial investment amount may reach NT\$20 million, and a simplified review process is provided for investments under NT\$3 million in green channels.
- B. Financing (loans) youth entrepreneurship: NT\$60 billion is provided for loans of NT\$1 million or less to startups, micro businesses, cultural creativity, and agricultural startups of young entrepreneurs.
- C. Youth startup bases: Establish local youth startup bases (accelerators), match startups with markets, capital, technology, and training, and work with international companies in offering e-commerce marketing courses. Work with local youth startup bases in implementing the U-start Innovation and Startup Program to provide young entrepreneurs with capital.

#### **(IV) Implementing housing justice**

##### 1. Accelerate the construction of quality social housing

Accelerate the construction of social housing and provide necessary land and funding. Combine housing with entrepreneurship: Construct social housing combined with innovation parks in northern, central, and southern Taiwan, satisfying the needs of the youth for housing and employment. Create community life: Combine social housing with childcare, long-term care, and non-profit nurseries, in order to provide comprehensive services based on housing.

##### 2. Public-private partnership in house leasing and rental management, reduction or waiver of three taxes and subsidies for three fees

Expand “house leasing and rental management” and encourage landlords to participate in social housing through the measure “reduction or waiver of 3 taxes, subsidies for 3 fees, and 3-year services,” in order to achieve the goal of 80,000 social housing units. Dual track implementation by the Rental Housing Service Business Association and National Housing and Urban Regeneration Center to increase matching capacity. Develop professional services: Support the lawful rental housing service industry on the basis of house leasing and rental management and the Rental Housing Market Development and Regulation Act.

##### 3. Accelerate urban renewal and reconstruction of hazardous & old buildings

Carry out the reconstruction of hazardous and old buildings, subsidize local governments in establishing guidance teams for the reconstruction of hazardous and old buildings, and actively encourage citizens to carry out reconstruction. Improve urban renewal by institutionalizing dispute resolution and compulsory demolition procedures through the Urban Renewal Act, allow the authorities to

intervene when appropriate, and continue to step up urban renewal. Comprehensively inspect seismic safety and reduce the hazards caused by earthquakes through rapid screening, seismic resistance evaluation, reinforcement phases, and reconstruction. Implement government-led urban renewal projects, in which the National Housing and Urban Regeneration Center handles large scale, complex projects, and uses transparent procedures to protect the rights of involved parties.

4. Double the quota for rental subsidies to provide complete care for renters

Double the quota for rental subsidies to 120,000 housing units a year. Relax restrictions on the maximum average monthly income from 1.5 times the minimum living expense to 2.5 times. Expand the scope of subjects eligible for subsidies to young singles, newly-weds, and families with minor children. Continue to encourage Landlords of Love by providing preferential tax measures.

5. Subsidize housing for underprivileged students to provide better safety and quality

Build new generation dormitories and continue to implement the “Improvement Measures (Off-campus Rental Subsidies) for the Underprivileged Student Assistance Program and New Generation Student Dormitory Improvement Plan,” in order to lift the burden of rent on underprivileged students, and also increase and improve dormitories on and off campus.

#### **(V) Building a stable and secure life**

To create a happy, safe, and friendly society, the government will step up efforts to prevent issues of concern to citizens, such as drugs, domestic violence, and child abuse, and continue to complete the labor rights, food safety, and social security network that is urgently needed

by citizens. The government will further promote the rights of Hakka people, indigenous people, and new immigrants, so as to create a safe and trustworthy living environment that improves social harmony.

#### 1. Drug prevention

Implement the second phase of the “New Generation Anti-drug Strategy Action Guidelines” (2021-2024) to gradually achieve the dual objectives of “suppress drug recidivism” and “reduce new drug use”:

- (1) Drug Investigation strategy (Drug investigation cooperation): Establish function-oriented drug databank, implement drug investigation with emphasis on “investigation of quantity” and “pursuit of people”, and enhance international cooperation, border blocking and suppression within the border.
- (2) Drug testing strategy (anti-drug monitoring): Increase border drug blocking capability and continue to increase testing capability to keep drugs outside our border.
- (3) Drug cessation strategy (drug cessation): Provide diverse, empirically based and continuous intervention services to help addicts quit drugs.
- (4) Drug awareness strategy (Drug prevention): Enhance focused and classified anti-drug advocacy, increase the responsibility of local governments and schools for drug prevention, complete case guidance and service network, and build drug-free schools and communities.
- (5) Overall planning: promote new approach of listing many New Psychoactive Substances in one time, and complete the complementary mechanisms for the sharing and destruction of seized drugs and for the illegal income confiscation.

#### 2. Comfortable campus improvements

- (1) Continue to improve the seismic resistance of campus buildings; Comprehensively improve the seismic resistance of buildings in public high schools and below in an economic and effective way; systematically screen buildings with insufficient seismic resistance through procedures such as on-site survey, preliminary evaluation, detailed evaluation, design, and construction; prioritize buildings based on evaluation results and urgency; sequentially help local governments improve school buildings under their jurisdiction.
  - (2) Give consideration to green energy and smart energy conservation based on the principle of “easy-to-use, easy-to-maintain, and easy-to-manage”; central and local governments jointly improve the electrical systems and install air conditioners in high schools and below, so that campuses in Taiwan will provide a safe and comfortable environment.
3. Food safety management
- (1) Implement the 5-point Food Safety Policy: Continue to improve food safety and protect citizens’ health through source control, production management, enhanced inspection, increase the liability of dishonest companies, and public supervision of food safety.
  - (2) Strengthen agricultural product source management: Improve the traceability of domestic agricultural products, improve pesticide and animal drug management, strengthen monitoring and sample inspections for drug safety of high-risk agriculture and livestock products, and improve the self-management ability of producers to ensure the safety of agricultural products.
4. Improve healthcare services
- (1) Continue to develop an agile healthcare system, implement “human-centered” healthcare, review the reasonable distribution

of medical resources and optimize the practice environment for doctors and nurses, improve the healthcare system for children, and provide better value-added services based on digital applications of big data from National Health Insurance.

- (2) Continue to improve the epidemic prevention response system; prevent infectious diseases through the integration of interdisciplinary resources, high quality vaccines, emerging infectious disease monitoring & risk assessment skills, and the implementation of “New Life Movement for Epidemic Prevention”; continue to work together with international society to keep the nation safe from infectious diseases.
- (3) In response to the challenge of emerging infectious diseases, strengthen the information analysis ability of the operations and intelligence center, as well as the emergency allocation mechanism for emergency and critical care. Integrate real-time information from the regional response center and develop AI-based information analysis abilities to improve the performance of the emergency and critical care network.

#### 5. Strengthen the social security system

- (1) Build a community-based defense system, increase the number of social workers at local governments, widely establish social welfare service centers, and develop a warning system; provide family-centered integrated services suitable for local conditions, and actively implement the phase 2 project to strengthen the social security network (2021-2024).
- (2) Develop AI-based analysis of information on elderly protection and children and teenager protection cases, help social workers determine the risk level of cases, provide effective intervention and protection measures in a timely manner, and strengthen

front-end prevention to reduce the risk of violence in vulnerable families.

- (3) Establish a service window and process for the administrative system in response to the amendment to the Juvenile Justice Act. Integrate the police, social welfare, and education systems, and strengthen the transition and division of labor mechanisms for providing guidance and preventing children and teenagers from violating the law, being exposed to risk, and engaging in deviant behavior.
  - (4) Promote important gender equality issues, such as “public childcare,” “women’s economic empowerment,” “eliminating gender stereotypes and biases,” “strengthening public support in an aged society,” and “promoting gender equality in participation in decision-making in the public and private sectors,” and actively implement mechanisms to strengthen personal safety and protection.
  - (5) Prevent fraud, strengthen the fraud call warning mechanism, strengthen fraud investigations and monitor high risk subjects, and integrate cross-border capabilities to prevent fraud from the source.
  - (6) Deploy a variety of community service resources and increase the accessibility of mental health services. Expand the scope of mental health services provided by social workers, and continue to improve service models for cases involving a variety of issues. Improve the referral of patients suspected to suffer from mental illness, and assist high risk cases in stably receiving medical care.
6. Protect labor rights
- (1) Ensure labor conditions and establish a complete protection system: Enact regulation on minimum wage and improve the

minimum wage review mechanism. Assist business units with regulatory compliance to protect labor rights. Create an environment that benefits labor unions and collective bargaining, stabilize labor-management relations, accelerate the independent enactment of occupational injury insurance regulation, and develop a complete protection system that includes occupational accident prevention, compensation, and reconstruction. Continue to diversify the asset portfolio of labor funds, carefully seize investment opportunities, and dynamically adjust investment portfolios to gain long-term stable profits.

- (2) Assist specific subjects and the underprivileged in job placement: Implement the Middle-aged and Elderly Employment Promotion Act, and create an employment environment that is friendly to middle-aged and elderly persons. Provide individual employment consultation and help women re-employment. Implement the vocational rehabilitation services for disabled persons and employment empowerment project.
- (3) Improve smart security management of industries: Establish a new occupational safety and health culture and risk assessment mechanism for Industry 4.0, and develop safety supervision abilities and management models for industries with high risks of occupation accidents. Utilize blockchain, big data analysis, and smart value-added applications to establish the “national occupational safety and health smart cloud.” Utilize emerging AI technologies to monitor hazard factors of industries (occupations), and develop a smart real-time monitoring system and assessment mechanism for hazards in the workplace operating environment.
- (4) Create a friendly workplace environment for raising children: Implement a new childcare model for workplaces, increase

maternity benefits of labor insurance, and continue to provide allowances for parents who take parental leave without pay.

7. Protect the rights of diverse ethnic groups

- (1) Implement the Development of National Languages Act, Hakka Basic Act, and Indigenous Languages Development Act to protect citizens' right to equally use national languages.
- (2) Protect the rights of indigenous peoples: Implement the Indigenous Peoples Basic Law to strengthen the rule of law for indigenous peoples. Protect indigenous education, language, and culture. Improve the social security system for indigenous peoples. Protect and develop traditional works based on the wisdom of indigenous peoples. Strengthen indigenous people's right to adequate housing and construction in tribal communities, and foster land use of indigenous peoples.
- (3) Implement the Hakka policy of ethnic mainstreaming and reconstruct civil rights in Hakka culture. Implement related projects to develop Hakka villages with distinguishing features, enhance cultural competitiveness, and increase the international visibility of Hakka villages to further bring back the youth or population.
- (4) Improve the well-being of immigrants: Implement overseas training of new immigrants' children and provide better care for the rights of new immigrants and their children. Provide new immigrants with appropriate assistance and incentives. Implement the Project to Create Fair Digital Opportunity for New Immigrants.

8. Deepen efforts to achieve transitional justice

- (1) Prioritize political file identification, selection, review, transfer, organization, and digitalization, and accelerate the release of

political files and uploading of images showing the full text of files.

- (2) Research and plan methods for readdressing judicial and administrative injustices and propose drafts of related laws. Plan the establishment of a national-level dedicated unit to care for victims of political persecution.
- (3) Thoroughly check and remove authoritarian symbols in public spaces, implement transitional justice education, and establish a special fund using ill-gotten party assets that have been nationalized.

**(VI) Deeply cultivating cultural heritage and cultural soft power**

1. Improve the support system for arts & culture and uphold cultural diversity
  - (1) With the three main objectives of industrialization, internationalization and integration, build a support system for the cultural innovation ecosystem; make the support system complete through supports for cultural creativity, expansion of exhibitions, performances and showings, opening of space for use and international exchange and linkage; support the development of youth art, provide youth with a stage for art creativity, and guide new talent through the support of a subsidy mechanism.
  - (2) Upgrade and transform national-level arts and culture facilities, complete Taipei Music Center and Kaohsiung Music Center, begin operations of Taiwan Film and Audiovisual Institute, and drive the development of the movie, TV, and music industries. Integrate the capabilities of the three venues under the National Performing Arts Center to drive the development of performing arts. Upgrade local arts and culture venues and bring in professional talent.
  - (3) Increase the culture budget and establish a cultural development

fund. Improve the organization for culture governance and strengthen the capabilities of professional cultural intermediary organizations. Implement equality of cultural rights, protect diverse cultures, and promote the development of cultural diversity.

- (4) Improve the cultural governance regulatory system and formulate (amend) important cultural regulations. Establish a cultural governance partnership mechanism, and incorporate cultural governance perspectives into national development.
2. Combine revitalization with innovation culture and deepen community empowerment and cultural heritage preservation
    - (1) Develop local knowledge and construct a national culture memory base, broaden and deepen private participation in local knowledge, and develop Taiwan's cultural route.
    - (2) Integrate the preparatory survey and research with follow-up operation and maintenance of tangible cultural heritage, establish an underwater cultural heritage preservation mechanism, enhance the passing on and digital recording of intangible cultural heritage, and provide a sound environment for the sustainable development of cultural heritage.
    - (3) Create a cultural living circle, drive local cultural development through local specialty industries, promote intergenerational participation and exchange, and deepen community empowerment and village development.
    - (4) Promote cultural experience education, reconstruct Taiwan's art history, promote the development and utilization of the museum knowledge system, improve the service quality of national-level buildings, and assist in the upgrade of local buildings.
3. Forming a national team to build Taiwan's culture brand, and promote

international exchanges and cooperation

- (1) Accelerate the development of cultural content and technology applications, and utilize AI to promote culture and technology matching and exchange. Develop “Huashan 2.0 – Cultural Content Industrial Cluster.” Improve the cultural financial system through incentives, subsidies, investments, and loan mechanisms.
- (2) Expedite the creation of Taiwan original content, link together the performance art, animation, comic, audiovisual and music industries, and assist the publishing industry with cross-area application, digitization and becoming aligned with international markets.
- (3) Establish cultural dissemination right and public, industry-focused, international media. Improve the quality of audiovisual and music creations, and expand the international market based on the concept of a national team.
- (4) Assist the cultural industry in overseas expansion and output, and implement the national branding project. Organize Taiwan culture themed events in overseas cultural locations, encourage international institutions to establish locations or engage in collaborations in Taiwan, localize international cooperation, and internationalize local culture.

## **(VII) Boosting sports development**

In coordination with the international trend of LOHAS and sports for all, the government will integrate resources of public and private sectors, develop the sports industry, sports for all, and competitive sports to become aligned with international sports, and thereby realize the vision of healthy citizens, outstanding competitiveness, and vibrant Taiwan.

### **1. Promoting national sports culture**

Expand participation in sports by different groups, integrate sports and health resources, establish a sports cloud of sports for all information systems, and increase the population that regularly exercises. Strengthen human resource development and organize certifications for various sports professionals. Encourage citizens to engage in outdoor sports. Promote outdoor activities in the mountains in coordination with the policy to open mountains to citizens, and provide mountain climbing education.

## 2. Cultivate competitive sports talent

- (1) Optimize athletic classes and construct a database, implement the sports science talent selection and integration strategy, integrate the Olympics and Asian Games training and participation system, and develop a complete athlete cultivation system.
- (2) Implement the national team long-term training strategy, and customize the golden plan for elite athletes. Improve the athlete career guidance mechanism, the incentives system for outstanding athletes and coaches, the logistics and support teams, and care provided by team physicians.
- (3) Continue to cultivate international coaching talent, and create a competitive training environment that stays abreast of the latest developments.
- (4) Develop robust sports organizations, and improve their organizational performance and talent cultivation functions.

## 3. Create a driver of happiness through sports industries

Establish a matching platform and assist in expanding private sponsorships for sports. Support the development of sports industries, develop the sports, tourism, and leisure industries, and collaborate with local governments in promoting sports-themed travel packages. Develop citizens' habit of exercise, and encourage viewership or

participation in sports events.

#### 4. Organize international sports events

Encourage sports organizations to apply (organize) for important international sports events, actively participate in events of international sports organizations, and strive to hold important positions in the organizations to increase the visibility of Taiwan on the international stage, and strengthen international connection. Create a Taiwan brand of international sports events and drive sports tourism and economic benefits. Assist sports organizations in cultivating international talent for sports affairs, and enhance their ability to handle international sports affairs and crises.

### **III. People-centered sustainable development, shaping a LOHAS homeland for balanced development**

#### **(I) Constructing people-centered transportation & tourism networks**

Uphold the people-centered transportation service philosophy and vision for national development based on tourism, strive to comprehensively show the effects and value of transportation developments and services, and accelerate the preparation of the national tourism and travel environment, so as to plan a comprehensive blueprint for transportation and tourism policies.

##### 1. Construct a railway network around the island

Continue to develop the high-speed railway network around the island with “THSR (Taiwan High Speed Rail) as the main means of travel between cities in western Taiwan, and TRA (Taiwan Railway Administration) as the main means of travel between cities in eastern Taiwan,” and shorten the travel time between cities. Promote new routes, dual track, electric, and grade-separation, evaluate and review railway traffic dispersion, expand the scope of system services, and

upgrade and activate existing facilities. Develop compound public transportation systems, and encourage railway hubs to be transformed and planned based on the concept of transit-oriented development (TOD).

2. Complete the backbone construction of highways and expressways

Continue to link the West Coast Expressway, complete the East-West Expressway, strengthen the road network and safety in Hualien and Taitung, optimize overall transportation performance of roads, and drive urban and rural development. Increase overall benefits from the network of national highways, and step up the integration of control and management strategies for traffic between highways/expressways and urban roads. Improve road bottlenecks and hazardous sections, make transportation systems smoother, and provide road users with a complete network of roads around the island.

3. Facilitate airport development and improve air transport services

Accelerate the construction of Taoyuan International Airport Terminal 3 and the third runway to become an airline hub in East Asia, and carry out construction work at airports in Taichung and Kaohsiung. Continue to expand the international aviation network, and enhance the competitiveness of domestic airlines and airports. Improve flight safety management and implement one-stop security measures. Optimize the flight operations system, replace terminal surveillance radars in Songshan, Hualien, and Taitung, and implement the replacement and update project of advanced aviation weather operational system.

4. Enhance the competitiveness of harbors and navigational safety performance

Plan the “10-Year Development Blueprint for the Blue Route”,

based on navigation, harbors, vessels, travel, and cargo, and drive the overall development of maritime transport, logistics, and tourism. Implement the Future Development and Building Plan of Taiwan Commercial Ports and improve the operational efficiency of ports. Promote the EcoPorts certification and ensure the sustainable competitiveness of ports. Build offshore wind power sites, promote international operational and maintenance services for offshore wind power, and provide offshore wind power industry training courses. Plan smart ports, implement smart inspection and detection of port facilities, and utilize UAVs (unmanned aerial vehicle) to improve the operational efficiency of ports. Establish and integrate smart navigational safety related information systems, and improve navigational safety monitoring, forecast, maritime search and rescue, and transportation service performance.

5. Promote the transportation technology industry

Encourage the industry to invest in smart transportation technology, use policy innovation to guide industrial development and improvement of the living environment, and further expand globally. Implement smart and innovative administrative measures for the electric bus technology industry, Mobility as a Service (MaaS), Tour as a Service (TaaS), and UAV technology industry. Establish a transportation laboratory to develop solutions and technologies for the smart transportation industry in Taiwan. Strengthen weather information warnings and improve disaster prevention and warning abilities.

6. Formulate a forward-looking tourism plan

Promote scenic areas with international appeal, provide friendly environments, and improve tourism signs to attract international visitors. Improve bicycle theme travel, including the preparation of

friendly service facilities, linking together related routes, optimizing key road sections, and constructing bicycle paths. Promote overall upgrades of national tourism railway routes, stations, and train. Implement the international and domestic island hopping project, including tourist reception, improvement of surrounding landscapes, and planning island hopping tours. Promote the digital transformation of smart tourism, including the integration of tourism and transportation services, the upgrade of smart facilities at scenic spots, the digital transformation of the tourism industry, and tourism big data analysis and application.

#### 7. Develop value-added medical tourism

Encourage medical institutions to enter the overseas medical tourism market, and establish a cross-industry cooperation platform. Provide medical tourism consultation and referral services, provide convenient visa measures for traveling to Taiwan, and create a friendly healthcare environment. Improve the image of Taiwan's medical brand, integrate medical tourism highlights, and formulate an omni-channel marketing campaign.

### **(II) Strengthening the Forward-looking Infrastructure Development Program**

This Program is planned to have NT\$840 billion budget over eight years. The first Phase (September 2017-August 2021) of the program greatly upgraded local transportation, environmental preparation, education and social welfare, and other infrastructure. Phase 2 (September 2021-August 2025) will involve rolling review and, in response to the US-China trade war and post-pandemic trends, will enhance 5G and digital development construction. Budget planning will also pre-deploy six core strategic industries including AI, cybersecurity enhancing industrial innovation and transformation and actively

promoting the infrastructure that industrial revitalization and development requires to cultivate national competitiveness. Taking into account environmentally sustainable development, implement the eight major construction items including digital construction, urban-rural construction, green energy construction, water environment construction, railway construction, child care, food safety and human resources.

### **(III) Promoting the Taiwan Balanced Development Program**

Revitalize employment and consumption in southern Taiwan through the four themes “drive development through clusters,” “connect with the world through transportation,” “support new agriculture through marketing,” and “create prosperity through tourism.

#### **1. Drive local development through clusters**

Choose industrial clusters for development in six cities and counties south of the Zhuoshui River namely Yunlin County, Chiayi City, Tainan City, Kaohsiung City and Pingtung City, in accordance with the industrial development characteristics of each city/county; through encouraging private investment and increasing government public investment, drive the development of industrial clusters and their periphery to implement balanced regional development.

#### **2. Complementary measures for industrial cluster development**

To attract enterprise investment, so far the Executive Yuan’s Three Programs for Investing in Taiwan has attracted many enterprises investing in south Taiwan with amount totaling to NT\$413.5 billion, and created over 340,000 employment opportunities for citizens. The Executive Yuan then will provide incentives for private investment and increase in public investment, coupled with other complementary measures such as preferential measures provided by government agencies, academic & research

capability, talent & manpower supply and living functions, so that private investment momentum will continue to be fueled to drive the overall development of industry clusters and their periphery, increasing economic growth momentum & living quality of south Taiwan, and achieving a balanced regional development.

#### **(IV) Implementing regional revitalization**

In order to encourage youth to stay in or return to their home areas and provide suitable complementary construction projects to support local industry, the NDC put forward the Program for Accelerated Regional Revitalization; furthermore from 2021, inter-agency local revitalization resources will be integrated and NT\$6 billion in earmarked funding will be allocated over five years; enhancement is being carried out with respect to five aspects:

1. Diverse sources of proposals: To increase the capacity of local proposals, in the future, if local youth and citizen groups have an idea for a revitalization proposal, with the features of local, public and continuing independent operation, after receiving consultation and guidance from the local youth work station or regional guidance center, an application can be submitted and the regional guidance center will assist with including the proposal into the local regional revitalization plan, depending on the level of involvement and responsibility of the local government authority to the proposal; or assist in integrating other local regional revitalization proposals, putting them together into a local regional revitalization plan, and then implementing it according to procedure.
2. Establish youth work stations: Practically encourage people with experience of running a local revitalization business at home area to accompany and guide the youth to stay or return to their home areas to settle down by running a regional revitalization business, and form

- a local public-private partnership to assist with sustainable operation.
3. Revitalize public space: Subsidize local government for carrying out the preparation and revitalization of public space environment to serve as the operation space for local revitalization, unleashing the benefits of sustainability, public purpose and local common good, and jointly creating local development opportunities. Also, use the reactivated and reused of idle space at Chungsing New Village as the revitalization empowerment platform to link local institutions and communities and promote cross-area cooperation.
  4. Establish regional guidance centers: Establish north, south, central and eastern regional guidance centers, integrating industry, academia, research and society to build a regional guidance network system to increase external guidance capability, help local teams and township offices explore ideas, and speed up the putting forward of local revitalization projects.
  5. Establish a project office: Enhance the communication, exchange and integration between central government agencies and local governments, assist in tracking the execution situation, and provide necessary assistance in a timely way to speed up project implementation.

**(V) Forging resilient & sustainable LOHAS homeland**

1. Implement GHG reduction and climate change adaptation
  - (1) Mitigation strategies: Periodically review GHG reduction targets, continue to implement the sectoral GHG Emission Control Action Plan, and review implementation results when appropriate.
  - (2) Adaptation strategies: Implement the National Adaptation Action Plan to Climate Change (2018-2022) and carry out adaptation work through 8 adaptation fields such as disasters, and capability development.

- (3) Continue to compile GHG inventories, gradually complete the GHG cap and trade management system, and implement national carbon reduction actions.
2. Improve national land planning and disaster prevention
    - (1) Improve national land planning: Enforce the Spatial Planning Act, improve the national land planning system, follow national land planning, and announce and implement spatial planning by municipalities and counties (cities). Strengthen national park management, coastal management, and wetland ecology preservation.
    - (2) Improve disaster prevention and rescue performance

Apply smart technology to optimize the disaster prevention system, introduce 5G to enhance disaster rescue effectiveness; form public private partnerships to assist national disaster prevention and rescue, and innovate technology services of disaster prevention and rescue, including building community risk awareness; enhance the integrated management mechanism of national land; improve professional administrative capability of composite disaster prevention and rescue, build international humanitarian rescue participation; enhance the linkage between disaster prevention industries and social disaster prevention services; make the disaster prevention and rescue system complete, and establish a disaster prevention network integrating private resources.
3. Develop an outstanding maritime country
    - (1) Implement the Ocean Basic Act and National Ocean Policy White Paper, and improve the nation’s overall ocean development & governance efficacy of maritime affairs.
    - (2) Implement the policy of “paying respect to oceans” and open

oceans action plan via “active opening up and effective management,” so that the ocean will become more accessible to the people and allow the marine industry to flourish.

- (3) Promote blue economy industries through spatial planning renewal and infrastructure upgrade, link local characteristics to the regeneration of industrial clusters, and upgrade innovative technologies and interdisciplinary applications.
  - (4) Strengthen offshore (coastal) safety and coast guard capabilities through measures for protecting offshore security, defending sovereignty & fishing rights, improving rescue capabilities, and implementing marine conservation.
  - (5) Conduct a survey of marine biological resources and the monitoring of marine environment, and develop key ocean energy technologies to achieve the sustainability of ocean resources.
  - (6) Integrate domestic resources, draw up marine pollution prevention countermeasures to reduce marine waste and various kinds of marine pollution, maintain sea environmental cleanliness to prevent deterioration of the marine environment, restore marine ecology, and enhance habitat protection and waterfront facilities; make complete marine conservation laws and international participation to achieve the objectives of protection and sustainable use of marine resources.
  - (7) Strengthen marine research capabilities, cultivate marine talent, elevate marine scientific research, and facilitate the ocean’s sustainable development.
  - (8) Actively participate in international maritime organization (conference), expand international development space, and ensure the maritime right of our country.
4. Improve water resource management

- (1) Water and the environment: Implement the National Water Environment Improvement Plan, integrate flood prevention, water purification, and water accessibility, and combine ecological conservation, water quality, and improvement of the surrounding water environment.
  - (2) Water and development: Implement projects to stabilize and improve water supply, so that there are no concerns for water shortage. Strengthen water allocation and install backup pipelines for urban areas and important industrial zones to provide stable water supply. Expand reservoir dredging and step up watershed conservation to maintain the capacity of reservoirs and ensure the sustainable development of water resources.
  - (3) Water and safety: Implement overall improvement and adaptation of basins of rivers administered by the central government, and overall improvement of river drainage and regional drainage administered by counties/cities, in order to reduce the flooding area and increase the resilience of urban areas to flooding.
  - (4) Leakage reduction: Reference international leakage reduction strategies, including “leakage repair speed and quality,” “pipeline asset maintenance and management,” “water pressure management,” and “active leakage prevention” to continue making improvements in leakage issues.
5. Strengthen pollution control
- (1) Air pollution control plans

Under the goal to reduce the national average concentration of particulate matter to 15  $\mu\text{g}/\text{m}^3$  or less by 2023, implement stationary pollution source control measures, review or formulate emission standards for specific industries, reduce air pollution from state-owned enterprises and improve boiler pollutant

emissions, implement an emission cap, and review air pollution control fees of stationary pollution sources. Implement fugitive pollution source control measures, control volatile organic matter in coatings, cooking fumes in the restaurant industry, and burning objects outdoors, improve river fugitive dust, and step up vertical greening. Mobile pollution source control measures, encourage the replacement of large diesel vehicles and scooters, promote electric buses in urban areas, and implement transportation control in port areas. Carry out general management and auxiliary tool measures, and improve response measures for periods with poor air quality.

- (2) Reduce ammonia nitrogen in rivers to create a sustainable water environment

Implement the “Sustainable Water Quality Promotion Plan – Ammonia Nitrogen Reduction Demonstration Plan (2020-2023)”, reduce the discharge of pollutants such as ammonia nitrogen into rivers, collect fees through the Water Pollution Control Fund, and strengthen audits to reduce water pollution. Carry out the remediation of 7 demonstration rivers, including Nankan River, with the goal to increase the average percentage of stations that measured ammonia nitrogen to be under 3mg/L from 53% in 2016-2018 to 70% in 2023.

- (3) Prevent marine pollution to protect the marine environment and safeguard marine ecology

Promote the Marine Pollution Monitoring and Response Plan, through comprehensive monitoring of sea water quality, surveying marine waste (including marine plastic particles and accumulation and distribution situation of sea bed waste), preventing fishing industry waste discarding, subsidizing local government cleaning up of marine waste and continuing to

implement clean-up of floating and seabed waste by the Marine Environmental Protection Fleet, to reduce marine pollution and protect ocean quality.

#### **IV. Peaceful reciprocity, pursuing peaceful foreign relations for generations**

##### **(I) National defense reform**

Uphold the strategy of “Resolute Defense, Multi-Domain Deterrence” and defense concept of “preservation of warfighting capability, pursuing decisive victory in the littoral area, and annihilating the enemy on the beach” while accelerating the deployment of asymmetric warfare capabilities. Realize national defense self-sufficiency.

##### **1. Building a reliable combat force**

Establish key items for force build-up planning, and establish a digital command system to improve joint operational performance and the overall capabilities of the armed forces.

- (1) Forward-looking force build-up planning: Establish warfighting capability preservation facilities, increase capabilities for pursuing decisive victory in the littoral area, and establish capabilities for annihilating the enemy on the beach; make appropriate adjustments to the force structure on this basis.
- (2) Improve the command & control, intelligence, surveillance, and reconnaissance system: Flatten the command & control hierarchy, expand command & control system capabilities and joint intelligence, surveillance, and reconnaissance capabilities, construct information and communication infrastructure, and upgrade equipment.
- (3) Intensify training measures: Intensify basic combat capability

training to achieve the goal of “multi-specialty, multi-functional.”

- (4) Improve joint operational performance of the three forces: Integrate command & control, information and communications, and weapon systems of the three forces.
  - (5) Transformation of reserve capabilities: Appropriately increase the length and frequency of military recall in response to the adjustment to the military service system, and integrate units responsible for the reservist policy to enhance reserve capabilities.
  - (6) Collaborative disaster prevention and relief: Purchase equipment that can be used for both combat and disaster prevention in order to support disaster relief and epidemic prevention efforts.
  - (7) Deepen military exchanges and cooperation: Promote bilateral (multilateral) military cooperation with the United States and other ally countries. Purchase important weapons and equipment to increase the overall defense capabilities of the armed forces.
  - (8) Improve the management system of forces: Strengthen the grievance and care mechanism in the military, establish a fair incident investigation mechanism, and conduct rolling reviews of personnel assignments. Improve the leadership of officers at each level to achieve modernized & professional management.
2. Realizing national defense self-sufficiency

Engage in basic research and actively develop advanced technologies. Promote the indigenous defense submarine and cyber security in the current phase to achieve the policy of national defense self-sufficiency. Related industries will be guided to participate in the research and development of national defense technologies in the following phase based on forward-looking development trends in weapons systems, and will drive the upgrade of the defense industry.

- (1) Consolidate technological capabilities: Implement R&D of key

technologies based on forward-looking technological trends and combat requirements. Develop advanced weapons systems, combine the technological capabilities of industry, academia, and research institutes, and focus on the research of advanced technologies in aerospace, shipping, and cyber security, in order to lay the R&D foundation for developing weapons systems. Shorten the R&D period; purchase R&D of key parts and establish independent production capabilities.

- (2) Promote the national defense industry: Formulate laws and support measures, establish a supply chain of defense weapon and equipment, and increase the market scale. Review the transfer of defense technology R&D results to the private sector, and create a beneficial development environment with “industries driven by national defense, and national defense supported by industries.” Strengthen collaboration between industry, academia, and research institutes, and assist the defense industry with upgrade and transformation towards systems and higher value.

### 3. Implementing military streamlining policy

Recruit the required manpower by “quality over quantity” and “balance between retirement and replacement”, continue to enhance the critical abilities and skills of officers and soldiers, and implement “retaining the good and replacing the bad” and “strict evaluation and strict elimination”, to continually raise the quality of service personal and build a strong and modernized military.

## **(II) Active international participation**

In the next four years, the government will continue to uphold the spirit of reciprocity, continue to implement practical diplomacy, secure current allies, and deepen substantial relations with like-minded countries and non-allies. Expand participation in inter-governmental

international organizations, and assist the international participation of domestic NGOs. Strengthen economic and trade cooperation with main trading partners, continue active efforts to join regional economic integration. Step up the implementation of the New Southbound Policy, continue to strengthen partnerships with New Southbound countries, and jointly create a prosperous Indo-Pacific region.

1. Continue to promote practical diplomacy: Secure current allies, promote visits between high level officials, and implement bilateral cooperation plans for overall needs of allies' citizen livelihood through the ODA program. Strengthen substantial relations with like-minded countries and other non-allies, deepen cooperation in existing fields and develop emerging fields, and work towards increasing the number of visa-free, visa on arrival, and electronic visa countries.
2. Expand international participation: Uphold the principles of “pragmatic, professional, and contribution” when seeking to participate in more inter-governmental international organizations, protect our rights in international organizations we have already joined and become even more deeply involved. Assist domestic NGOs in protecting their membership and rights in INGOs, continue to work with NGOs in different fields, and expand Taiwan's international space through public-private partnerships.
3. Strengthen foreign economic and trade linkages: Promote to participate in multilateral and plurilateral economic cooperation and free trade negotiations, push to joint regional economic integrations, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and dedicate efforts to sign or renew bilateral economic cooperation agreements or bilateral investment agreements (BIA) with other countries, such as trade or

investment protection agreements with the United States, Japan, and Europe. Continue to diversify markets, expand sales in the United States, Japan, Europe, New Southbound markets, and other potential markets, establish different sales methods based on characteristics of industry needs, and promote trade through digitalization and innovative technologies.

4. Further implement the New Southbound Policy: Uphold the core philosophy of “people-centered” in the continued implementation of the New Southbound Policy, and focus on economic and trade cooperation, talent exchange, resource sharing, and regional connections. Realize the spirit of “Taiwan helps Asia, Asia helps Taiwan,” continue to build partnerships with New Southbound countries in agriculture, public health, tourism, disaster prevention, e-commerce, construction, and education, establish a “new economic paradigm” that benefits both parties, and jointly create a prosperous Indo-Pacific region.

### **(III) Cross-Strait peace & stability**

Cross-Strait peace & stability is an important factor to security in the Taiwan Strait and regional security. The government has adopted a peaceful cross-Strait policy of being non-provocative and non-adventurist, and resolutely defends Taiwan’s sovereignty and democracy, devoting every effort to maintaining the status quo of peace and stability in the Taiwan Strait.

1. Defend sovereignty and democracy and maintain peace and stability in the Taiwan Strait
  - (1) Handle cross-Strait affairs in accordance with the Constitution of the R.O.C. and the Act Governing Relations between the People of the Taiwan Area and the Mainland Area. Uphold “peace, parity, democracy, and dialogue” as the principles for cross-Strait interactions.

- (2) Counter the Chinese Communist Party’s “One Country, Two Systems” and propaganda of Taiwan, improve democratic defense mechanisms, and ensure peace in the Taiwan Strait.
2. Promote cross-Strait cultural and educational exchange to transmit Taiwan’s core values
  - (1) Enhance security management mechanisms of cross-Strait cultural and educational exchange, and remind citizens of the risks of traveling to China.
  - (2) Increase interactions between young students across the Taiwan Strait, promote the reciprocal flow of information, and share Taiwan’s experience of democratic development.
3. Stably engage in cross-Strait economic and trade exchanges in coordination with national economic policies
  - (1) Monitor developments in the international and cross-Strait economic and trade situation, make timely adjustments to cross-Strait economic and trade policy, and stably engage in cross-Strait economic and trade exchanges.
  - (2) Strengthen contact, services, and guidance for Taiwanese businesses in China, and assist them in responding to changes in the investment environment and adjusting their strategies to diversify positioning.
4. Strengthen security management mechanisms and maintain the order of cross-Strait exchanges
  - (1) Deliberate on amending regulations related to the Act Governing Relations between the People of the Taiwan Area and the Mainland Area in response to the new international and cross-Strait situation, and implement related cross-Strait agreements.
  - (2) Complete the regulatory system for protecting democracy and security, defend national sovereignty, and ensure a free and

democratic constitutional system, as well as the normal operation of society and the economy.

5. Initiate response mechanisms for the change of situation in Hong Kong and Macau when appropriate
  - (1) Closely monitor the situation of “One Country, Two Systems” in Hong Kong and Macau, review regulations on exchanges with Hong Kong and Macau when appropriate, and protect national security and people’s interests.
  - (2) Show humanitarian care for the people of Hong Kong and Macau and share the universal values of democracy and freedom.
  - (3) Maintain the service performance of offices in Hong Kong and Macau to protect citizens’ rights and interests.