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**Investment meeting: Improving the startup investment environment**

As part of government efforts to boost the economy and tackle industrial development issues, Premier Lai Ching-te today convened the fourth in a series of inter-ministerial meetings aimed at accelerating investments in Taiwan. The National Development Council (NDC) reported on two topics at the meeting: the creation of a quality startup investment environment to support young entrepreneurs, and deregulation efforts to spur economic and industrial development and provide tangible benefits to the people.

On the first topic, Premier Lai said building a supportive environment for startups is very important to Taiwan. As Taiwan Semiconductor Manufacturing Co. founder Morris Chang once said, “Industrial upgrading will depend on startups. If we can create tens of thousands of new businesses, we will have sufficient energy to successfully transform and upgrade Taiwan’s industries.”

While the concept of startup companies has been around for more than 10 years in Taiwan, a closer examination reveals many problems and challenges, the premier said. The startup market is not international enough and has attracted little corporate participation. In terms of funding, successful startups looking for exit channels face many restrictions, and many young startups fail to grow because of weak links between early-stage investors and international capital venture firms. Startups often lack international professionals or the depth of experience to see the company through to success. Also, the current regulatory framework lacks flexibility, and the applicability of existing laws to new business models can be unclear at times. To solve these problems, Premier Lai instructed government agencies to address the issues under their purview, take the initiative to find solutions and new directions, and break free of the old ways of thinking.

Taiwan must create a quality startup investment environment if it is to thrive in the digital economy era and transform successfully into an innovation-driven economy, the premier continued. He thanked the NDC, Ministry of Economic Affairs (MOEA) and Ministry of Science and Technology (MOST) for their efforts and progress in this area. Early results include the establishment of a platform to clarify “gray areas” of law for new businesses, the passage of a law for recruitment of foreign professionals, draft amendments to the Statute for Industrial Innovation, and selection of talent for personnel exchanges with Silicon Valley.

Strengthening government support for startups is critical for connecting Taiwan to the world and to the future as envisioned in the “five plus two” innovative industries program, the premier said. He instructed government agencies to propose, within one month, specific solution plans and timetables for the issues discussed today:

1. The MOEA, MOST, Ministry of Foreign Affairs and Overseas Community Affairs Council should make use of their overseas contacts and networks to set up Taiwanese branches of international accelerators and help local startups tap global markets. The Industrial Technology Research Institute can also play an important role in domestic accelerators.
2. The National Development Fund should work more closely with international venture capital firms to increase early-stage investments and help new businesses raise capital. The Financial Supervisory Commission (FSC) should also build greater flexibility into procedures for taking startup companies public.

3. The MOEA, Ministry of Finance (MOF), and National Development Fund should formulate strategies for connecting innovative startups with large corporate resources. This includes policy incentives for corporations to engage in investments, mergers and acquisitions, and business cooperation with startups.
  
4. State-owned enterprises and research institutes should set examples for conducting collaborative projects with startup firms. The MOEA, Ministry of Transportation and Communications, and Ministry of Health and Welfare were all asked to step up efforts in this regard.

Feedback from the startup community indicates that government assistance for businesses have long been complicated by tedious restrictions on the procurement process and subsidy reimbursements. Premier Lai directed the Public Construction Commission (PCC) and the Directorate-General of Budget, Accounting and Statistics to take the initiative to propose responsive strategies before the end of the year.

On the second topic, promoting achievements through deregulation, the premier directed ministries and agencies with finance and economic portfolios to ensure on-time completion of the deregulation targets specified in the report. Ministries and agencies should also continue to pay close attention to public opinion, and actively review legal orders arising from financial and economic regulations that block business development.

Minister without Portfolio Chen Mei-ling revealed a number of important breakthroughs on the deregulation front, including two achievements at the Ministry of Labor. The first involves a loosening of guiding principles for time working away from place of employment.

Employers are now allowed to consult with employees to select the most suitable method of tracking off-site work time, as opposed to relying only on time-stamp clocks. The second involves a relaxing of regulations governing hiring of medical personnel to look after worker health. Now, businesses with between 50 and 299 employees may engage health service staff on a special contract basis, as may companies with a variable work force (e.g., short-term seasonal, temporary, or assignment-based employees) that includes less than 300 core employees. These achievements increase work force flexibility for businesses and expand amenities for workers.

Minister Chen also described three developments at the FSC. The first is the passage of a measure to allow insurance representative companies and insurance brokerages to sell insurance policies online. The second is a list of precautions for insurers engaging in e-commerce, while the third is a relaxation of standard operating procedures concerning information system standards and security controls at e-payment institutions. All three measures will be of considerable benefit to a future mobile lifestyle.

The MOEA also eased preparatory requirements for electricity producers by simplifying application procedures for the power generation industry. In all, 13 cases of deregulation aimed at bolstering industry development were reported at the meeting.