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1. CONSUMER LIFESTYLES IN TAIWAN

1.1 POPULATION

1.1.1 Population Growth

According to statistics released by the Ministry of the Interior, the population of the Republic of China (ROC) on Taiwan stood at 21.74 million as of December 1997. At 601 persons per square kilometres, the population density of the Taiwan area was the second highest in the world after Bangladesh.

The earliest census taken in Taiwan put the island's population at 3.12 million in 1905. After 40 years, the figure had doubled to 6.0 million. The population further increased to 7.4 million in 1949 due to the influx of migrants from the Chinese mainland. The next year, the natural rate of increase peaked at 3.8%. A baby boom in the post-war years put excessive population pressure on Taiwan's economy, and the ROC government began implementing family planning and other measures to counter it. By 1997, the population growth rate had dropped to 1.0%.

The death rate had also fallen, to 1.2% in 1997. Clearly, the population structure has undergone great changes over the last few decades. As those born during the baby boom and after have grown to maturity, the economically productive 15-to-64 age group increased to account for 69.3% of the total population in 1997. Meanwhile, the ratio of dependants dropped from 64% in 1975 to 44.2% in 1997.

Longer education, delayed marriages, the rise of nuclear families, and comparatively fewer potential mothers between the ages of 20 and 34 have reduced the birth rate. Since 1984, the population replacement rate has remained below one, and it dropped to 0.8 in 1997.

![Sluggish Population Growth Characterises 1990s](chart1)

**Chart 1 Sluggish Population Growth Characterises 1990s**

Source: National statistics
1.1.2 Gender Imbalance

Among the 326,002 births registered in the Taiwan area in 1997, there were 109.04 boys for every 100 baby girls. The global ratio of males to females at birth is about 105:100.

The ratio in Taiwan reflects the traditional preference among Asian parents for boys over girls. This preference has led to an imbalance between the numbers of boys and girls. Many young Taiwan newlyweds plan to have only one child for economic and lifestyle reasons. In 1965, a full 72% of parents wanted two children, but the percentage had decreased to 24% by 1991. Tradition dictates a male descendant, thus, parents who only want one child usually prefer a boy. In 1965, only 6% of potential mothers preferred their first child to be a baby boy; but by 1991, some 52% preferred boys.

According to 1996 figures, among families having more than one child, the male-to-female ratio was 108:100 for the firstborn; 107:100 for the second child; 112:100 for the third; and 121:100 for the fourth. These figures reveal the use of artificial manipulation to affect the gender of the children being born. Private hospitals and small clinics in Taiwan ignore the ban on using chorionic villus sampling as a means of determining foetus gender and still perform abortions for parents who do not want a girl.

1.1.3 The Ageing Population

As the ROC moves toward industrial nation status, the population of the Taiwan area is graying. According to 1996 figures from the Ministry of the Interior, average life expectancy in the Taiwan area was 74.55 years, with men living an average of 71.89 years and women 77.77 years. In 1997, 8.1% of the population was over 65 years of age, up from 7.9% in 1996. This puts Taiwan midway between "older" countries like Great Britain (16%), France (15%), Japan (13%), and the United States (13%) and "younger" neighbours like the Chinese mainland and Korea (6% each) and Thailand and Philippines (4% each).

The index of ageing, which is calculated by dividing the number of people over 65 years of age by the number under the age of 15, stood at 35.7% in Taiwan.

A national population policy and policy guidelines to cope with Taiwan's gradually ageing population were revised by the Ministry of the Interior and approved by the Executive Yuan in November 1992. Contrary to past family planning programs aimed at curtailing population growth, the ministry now proposes a moderate increase. "Two are just right" is the new family planning slogan, in contrast to the former slogan, "One is not too few; two are just right".

Although the Taiwanese population is gradually getting older on average, the main growth in the older population is still below the age of 64, there having been a boom in the population growth after World War II. There has been a gradual slowdown in the birth rate in recent years, and so there is a definite shift in the makeup of the population. This ageing of the population has altered the consumer environment, increasing demand for products such as pensions, hair dyes, OTC drugs and golfing equipment, whereas products for younger people have seen a stagnation in demand.
**1.1.4 Ethnic Mix**

98.2% of Taiwan’s population is ethnically classed as being Han Chinese, although this nationality is often split into several significant sub-national groupings, including the Hakka, Fujianese, Cantonese, Manchu and northern plains Chinese. Whatever the sub-nationality, all are usually only discerned by dialect of Chinese spoken; the bulk of Taiwan’s population counting itself as Chinese. However, Taiwan was historically on the fringes of the Chinese imperial sphere of influence, and has shifted between Chinese, Japanese and even Portuguese suzerainty during its history. Because of this, there are small pockets of Japanese and European peoples amongst the Taiwanese population, as well as the more readily recognised endemic races of aboriginal peoples.

There are currently nine major indigenous peoples in Taiwan Province: the Atayal, Saisiyat, Bunun, Tsou, Paiwan, Rukai, Puyuma, Ami, and Yami. Early plain-dwelling aborigines, or the Pingpu people (including the Ketagalan, Luilang, Favorlang, Kavalan, Taokas, Pazeh, Papora, Babuza, Hoanya, Siraya, and Sao), have ceased to exist as distinct groups due to assimilation with Han Chinese over the last three centuries. The mountain peoples have been better able to maintain their cultural identities by resisting intermarriage with the Han. In 1997, the number of indigenous people in the Taiwan area was just over 389,900. The largest group, the Ami, accounts for over one third of the indigenous population, followed by the Atayal and Paiwan. The Yami, with less than 4,500 members, is the smallest group. Many indigenous people live on land in mountainous regions zoned as reservations, which cannot be sold to non-aborigines.

The bulk of the wealth created in Taiwan tends to rest largely with ethnic Chinese people. The small minority of aboriginal peoples have little economic significance, and tend to live isolated from the mainstream economy.

Within the Chinese population, certain sub-nationalities tend to be more economically active at the higher levels of business than others. The Hakka and Cantonese peoples from the south of China tend to be more prone to business involvement, with more families having their own businesses.
Hakka Chinese used to be nomadic, and so developed a flair for doing business with the local population of wherever they settled, much as the Jewish people did in Christian Europe during the middle ages.

### 1.1.5 Social Classes

The social classes of Taiwan are demarked solely by level of wealth, although there are a few families that survived the revolution in Mainland China to keep their royal titles from the last Imperial dynasty. However, nowadays it is firstly wealth then political power that bring social influence within Taiwanese society.

Wealth distribution in Taiwan is relatively broad, with a majority of the population having a comfortable to high standard of living. However, a significant portion of the population is also very rich, whilst there are still many low income families, mainly in the rural regions.

Taiwan does have a good social welfare system, compared with many other Asian countries, and few people fall through the state benefit safety net. There are also many charitable societies, many of which are based around religious groups, which help to alleviate the problems of most of the poorest in Taiwan.

Overall, Taiwan is a very wealthy nation, being the second richest country in Asia in terms of foreign capital reserves. Because of this great wealth, per capita wealth is also very high, and relative to other parts of Asia, the Taiwanese have very considerable spending power.

### 1.1.6 Main Languages

Mandarin Chinese is the official language in Taiwan, though other dialects are also spoken. Many people can speak some English, but most taxi drivers do not speak English.

Each indigenous group has its own family of tribal languages. These languages are called "Formosan" to avoid confusion with "Taiwanese," which is the Southern Fukienese dialect of Chinese spoken widely in Taiwan.

These languages belong to the Proto-Austronesian linguistic family, an agglutinative language type to which both Malaysian and Hawaiian also belong. The Austronesian language that is spoken in Taiwan can be subdivided into three branches: Atayalic, Tsouic, and Paiwanic. There is, however, a greater diversity among the Formosan languages than, for example, among those Philippine languages and dialects that are related to the Formosan languages. For this reason, some scholars believe that Taiwan may have been the original homeland of the vast Austronesian speech community.

### 1.1.7 Major Religions

The Chinese religious belief system has a guardian deity for almost every aspect of human life. The Chinese deities revered in Taiwan, notably Kuan Yin, Goddess of Mercy, and Matsu Goddess of the Sea, all had their origins on the Chinese mainland, Taoism and other indigenous Chinese religions. Such imported religion as Buddhism, Christianity, and Islam, also came to Taiwan via the mainland. Today Buddhism and Taoism are the predominant religions in Taiwan, along with signification numbers of Protestants, Roman Catholics, and Moslems.

Age-old religious customs, icons, and beliefs permeate all levels of Taiwan's Chinese culture. Almost all adults in Taiwan, even those not formally subscribing to a religious belief or
worshipping regularly at a particular temple, engage in religious practices stemming from one or a combination of traditional Chinese folk religions. It is very common in Taiwan to see homes and shops include a lighted shrine with incense burning to honour a deity, hero, or ancestor.

Most families perform the filial duties of ancestral worship; and on important occasions, as when a son or daughter takes the university entrance examination, a visit to the temples is made to present petitions and solicit divine assistance. Many taxi drivers in Taiwan decorate their cars with charms, amulets, statuettes, and religious slogans for protection against accidents and harm. Yet strictly speaking, these people are not necessarily Buddhist, Taoist, officially affiliated with any certain temple, or registered with a religious organisation.

The latest figures released by the Ministry of the Interior in December 1997 indicate that about 11.8 million people in Taiwan—more than half of the population—are religious believers (see chart, next page). Altogether, some 16,400 temples and churches dot the island serving the spiritual needs of the people on Taiwan.

Polytheistic and syncretic, Chinese society is dominated by ancestor worship, Daoism, and Buddhism, but has never excluded the addition and development of other indigenous and foreign religions. Although each religion may appear to postulate an independent doctrine, some cannot be strictly differentiated. For example, the Taiwan folk deity Goddess of the Sea, Matsu, and the Buddhist Goddess of Mercy, Kuanyin, may be worshiped in the same temple. This reveals the special character of the Chinese religious outlook, which can accommodate seemingly contradictory beliefs simultaneously.

Freedom of religion is a fundamental right of every citizen in the ROC: "The people shall have freedom of religious belief," states Article 13 of the ROC Constitution.

The important factor influencing religion in Taiwan is the extremely eclectic nature of the Chinese. The religions currently practised in Taiwan described in the following sections are for the most part combinations of elements from several religions. Even Taoism, while rooted in a traditional Chinese philosophy, has absorbed aspects of non-Chinese dogmas. Unlike the Jewish and Christian religions of the West which require that believers adhere only to their particular doctrines, the Chinese have seldom felt it necessary to exclude aspects of other faiths from their personal or collective religious portfolios.

At the end of 1996, due to scandals by religious cults and temples, among which the most notorious was the Sung Chi-li Association, ROC law enforcement agencies launched an island-wide crackdown on religious cults whose illegal activities had threatened social stability and undermined public morality in Taiwan. According to police reports, Sung had swindled about US$7 million from association members. In October 1997, Sung was sentenced by the Taipei District Court to seven years of imprisonment.

Following the major religious scandal of 1996 was the controversial group tonsure of the Chungtai Temple in Puli township, in which a reported total of 110 people, 21 men and 89 women of various age groups were tonsured by Master Wei Chueh. Most of them were college students joining the Buddhist summer camp held there; as a result, their parents’ panic and protest turned this religious ceremony into a social issue, and roused public concerns.

On November 8, 1996, the Executive Yuan convened a symposium to help manage religious affairs, and keep religion in proper perspective. This symposium, presided over by Vice President and Premier Lien Chan, was attended by more than 100 government officials, religious leaders and scholars.
### 2.1 CONSUMER SEGMENTATION

#### 2.1.1 Middle Class

Taiwan has always been the capitalist "version" of Mainland China in many senses, and its development, as that of the Mainland, has to be seen in context within the framework of Chinese social customs and culture.

Taiwan, on the surface, is very middle class in many senses. There is high average income, home ownership, high consumption levels thanks to high levels of disposable income. Indeed, Taiwan’s development has been heavily influenced by the USA, which aided the island to recover after World War II, as a bastion of capitalism during the Cold War. Japan has also had a strong influence on Taiwanese social and economic culture, and this also means that there is a strong middle class identity amongst Taiwanese consumers.

#### 2.1.2 The Ruling Class

Despite all this, the Taiwanese remain Chinese in both ethnicity and culture, and many of the old feudal class ideas left over from imperial times survive in Taiwan where they have been purged out of Chinese society on the Mainland through the Cultural Revolution. Hence, there are families in Taiwan which have a history of being involved in government, which continue to move in the upper echelons of Taiwanese society. There is therefore a ruling class of sorts in Taiwan.

#### 2.1.3 The Poor

Taiwan is not all rich, and there are certainly poor people in Taiwan. However, their numbers are relatively small for an Asian country, thanks to the huge amount of wealth circulating within Taiwan’s economy providing opportunities for most.
2.1.4 The Youth Market

Taiwan’s economic growth has been rapid, and the young generation in Taiwan is now the first to have grown up in relative wealth and security, without any real fear of armed conflict with Mainland China, although older generations regularly panic about such an event. The new generation therefore has a very different outlook to their parents’ generation.

Young Taiwanese are increasingly shying away from the frantic pursuit of wealth that their parents’ generation went through in order to survive. Young Taiwanese are therefore more open to taking non-mainstream careers, in such areas as the arts. The younger generation is also becoming less materialistic in other ways, many Taiwanese teenagers becoming more interested in religion, and joining some of the many new religious cults that have appeared in Taiwan in recent years.

This new outlook makes the youth market very different from the mainstream, and therefore challenges marketeers to take a more considered approach to selling to these young Taiwanese.

2.1.5 Women

As Taiwan’s society has changed drastically with the rapid economic development of recent years, so women have seen a change to their place in society. Taiwan’s society has had to shed much of its feudal ideas in order to bring greater equality to women, and so empower women to take a more active role in the economy. Indeed, Taiwan’s economy now rests increasingly on the development of hi-tech industries, where skilled, female workers make up the bulk of the workforce.

This it is that Taiwanese women have become much more powerful in society, both economically and politically. This new-found power within Taiwan’s society has meant changes to the way women act as consumer also. Women are now much more involved in major family financial decisions and purchases, and indeed are more likely to manage the family finances than their husbands. This makes women a key group for targeting consumer marketing campaigns, even for many products aimed at the male market.

2.1.6 The Elderly

The improved economics and social system in Taiwan have combined to raise life expectancy. People are also having fewer children, as careers become more important to young people than having a family. This has mean that the population of Taiwan has started to age, and this means that the elderly are now a much more significant consumer group.

This is not least because on average those who have retired in Taiwan are relatively wealthy, either in themselves, or because they are supported by their successful children. With large amounts of leisure time, and the need for more medical care, the elderly Taiwanese are creating new strength in the leisure and healthcare markets in Taiwan.

However, the elderly in Taiwan tend to be more conservative, and so are less likely to be swayed by new fads. However, the elderly market tends to spend a large amount of their incomes on their grandchildren, and so are also a significant consumer group where sales of toys, consumer electronics and other products aimed at children are concerned.
3.1 HEALTH

3.1.1 The Medical Sector

Taiwan has a wide network of hospitals and clinics. At the end of 1997, the combined total of public hospitals, private hospitals, and clinics in the ROC numbered more than 17,398. These facilities provided over 121,483 short-term and long-term care beds, averaging nearly 56 beds per 10,000 people.

Public medical care institutions consist of 97 hospitals and 497 clinics, including provincial, municipal, county and city hospitals, medical school hospitals, veterans hospitals and clinics, clinics affiliated with government institutions, and civil departments of military hospitals.

Private medical care institutions consist of 653 hospitals and 19,113 clinics, including proprietary hospitals, hospitals affiliated with private medical schools, corporate hospitals and clinics, and private clinics. Medical institutions in the Taiwan area provide a total of more than 121,162 beds, about 64.3% of which are provided by private medical institutions.

Rapid industrialisation and urbanisation, as well as the ageing of the population in recent years have highlighted the need for better health care and medical services, which have long been unevenly distributed. To balance medical resources, the DOH in July 1985 launched a 15-year project designated the Establishment of Medical Care Network in Taiwan.

This three-phase project divides the Taiwan area into 17 medical care regions, each of which serves as the basic unit for developing medical manpower, facilities, and an emergency care network. These 17 medical regions are further subdivided into 63 sub-regions, based on population, geographic conditions, and transportation facilities. Each sub-region is equipped with regional or district hospitals, as well as primary medical care units (i.e., private practitioners, group practice centres, and health stations). By December 1995, 174 group practice centres had already been established under the first phase of the 15-year project.

The first phase of the Establishment of Medical Care Network was completed in 1990, and the second phase was completed in December 1996. The third phase, which started in January 1997, targets primary medical care in the mountain areas and offshore islands by expanding the emergency medical care network and developing health services for the chronically and mentally ill. In 1998, the Medical Care Network has put more emphasis on catering to the needs of an ageing society, mental health care, long-term medical care service, improvement of medical personnel, and quality of medical care.

Residents in mountain areas and offshore islands rely heavily on the medical services provided by the local health stations, which, along with health rooms, provide general outpatient treatment and emergency medical care. Educational programs provided by the health stations include courses on maternal and child health, family planning, and the prevention and control of geriatric, acute, and chronic diseases. Surveys show that 70% to 90% of the visits to community health stations are for infant and child immunisations. In 1945, there were only 15 health stations in Taiwan. However, by the end of 1997, there were 398 health stations and 496 health rooms throughout Taiwan.

Health stations form the basis of primary health care in Taiwan. As of December 1995, these health centres were staffed with nearly 4,900 medical personnel, including physicians, dentists, pharmacists, nurses, and laboratory technicians. On the average, each health station has two doctors, with 37% having a pharmacist, and 15%, a dentist.
3.1.2 Increased Medical Staff

At the end of 1997, there were more than 138,420 medical personnel in the Taiwan area. On average, there was one doctor of Western medicine for every 844 persons, one doctor of Chinese medicine for every 6,930 persons, and one dentist for every 2,866 persons.

There are currently 11 medical schools, 11 paramedical junior colleges, and 16 paramedical vocational schools in the ROC. In 1997, these institutions trained 1,125 physicians, 271 dentists, 914 medical technicians, 1,324 pharmacists, and 13,485 nurses and midwives.

Physicians may apply for a medical specialist license after being certified in such specialties as family medicine, internal medicine, pediatrics, obstetrics and gynaecology, orthopaedics, neurology, neurosurgery, urology, ENT, ophthalmology, dermatology, psychiatry, rehabilitation medicine, anaesthesiology, radiology, pathology, and nuclear medicine.

A specialist license is valid for only five to six years, after which physicians must undergo a short period of retraining, to ensure that physicians have been keeping up with the new advances in technology and are familiar with new systems and equipment. After completion, physicians may extend their licenses for another term. This system was first set up in 1988, and by the end of 1997, nearly 23,705 specialists had been certified.

Manpower imbalances pose major problems for the ROC’s medical care system. A shortage of qualified nurses is especially serious, given the growing medical needs of an ageing population. The number of medical technicians capable of operating the more sophisticated, advanced medical equipment has also been decreasing.

In contrast, the number of pharmacists in Taiwan has grown drastically in recent years, and has already exceeded the number of physicians. In 1997, the number of pharmaceutics graduates increased to more than twice that of the previous year. The government’s plan to prohibit sales of prescription medicine by physicians may lead to greater demand for pharmacists.

Rural and remote areas still suffer from an acute shortage of qualified medical personnel. The government therefore offers incentives, such as increased pay and commuting subsidies to medical personnel serving in these areas. The Taiwan Provincial Government is now holding its third ten-year program to train doctors and supporting staff who will work in rural hospitals and clinics.

3.1.3 Reductions in Infant Mortality

The infant mortality rate has also fallen. In 1965, it was 24 per 1,000; by 1994, the rate had decreased to 5.07 per 1,000. The figure rose to 6.35 per 1,000 in 1997, but the increases was mainly the result of an underestimation of infant and neonatal mortality rates due to the registration system in use prior to 1994. This discrepancy has now been corrected through the implementation of a more efficient and accurate birth registration system.

Over 99.92% of all deliveries were assisted by qualified personnel in 1997, a marked improvement in health service over past years, but a surprising 32.7% of all deliveries were done by Caesarean section, with only 20% of these operations performed out of medical necessity.

The reason for the increase in the number of C-sections is twofold. Although women who died of obstetric causes were at a low 9.20 per 100,000 live births, women regularly asked for this procedure to secure the health of their babies.

Furthermore, the expenses for this method of delivery are fully covered by the NHI program. On the other hand, it is believed that hospitals were promoting C-sections out of a desire to increase their surgical fee income.
3.1.4 Family Planning Issues

The use of contraceptives by married women between 22 and 39 years of age in the Taiwan area has increased from 24% in 1965 to 82% in 1993. Statistics also show that women are having fewer and fewer children. For example, a survey of women between the ages of 40 and 49 revealed that the average number of children per woman declined from 6.1 in 1975 to 3.1 in 1992.

The percentage of women in this same age group having four or more children has declined from 18.8% in 1975 to 3.7% in 1995, and the number of women having only one or two children has increased from 61.8% to 80.5% during that same time period. The number of children per family dropped from 5.75 in 1960 to 1.78 in 1996.

The proportion of women who married between the ages of 20 and 34 years has declined from 67.3% in 1960 to 54.0% in 1996. The average age at first marriage during this time period increased from 22.7 to 28.2 years for women, and from 27.1 to 30.1 years for men.

All of these factors have significantly lowered the birth rate in the Taiwan area. In 1997, the birth rate and death rate were 15.07 and 5.59 per 1,000 persons, respectively, with the natural population growth rate at 9.48 per 1,000 persons.

The ageing of the population, the declining marriage rate among women between the ages of 20 and 34, and the falling birth rate have all raised concerns about a situation where the "dependent people are in the majority and the productive (young) people are in the minority." Therefore, starting in 1990, the government adjusted its family planning policy to provide reproductive health services and education to married couples, potential mothers, and special groups (such as the disabled, infertile couples, youths, and residents in outlying areas).

3.1.5 Teenage Pregnancy

Pregnancy among adolescents between the ages of 15 and 19 in the Taiwan area at 17 per 1,000 was higher than in some other Asian countries in 1996. According to a study conducted by the Taiwanese government, the fertility rate for married teenagers in this age group was even higher than that of the United States: 704 per 1,000 in 1993.

Unexpected pregnancies and pregnant brides could help to explain this high fertility rate. More than 16,000 children are born annually to teenage mothers in Taiwan. A study comparing the results of a 1984 survey with the results of a survey conducted in 1994 showed a 264% increase in premarital sexual activities among teenagers.

In 1994, approximately 10% of teenage girls in Taiwan had had sex. Two-thirds of those who had had sex for the first time did not use any form of contraception, and 11% of them became pregnant. 8% of pregnant girls chose to have an abortion, and the vast majority of the rest became teenage mothers.

As society becomes more and more open, the problem of unwed teenage mothers may worsen. The DOH therefore offers sex education and counselling services in schools, factories, and communities.
3.1.6 Major Health Issues

The first health care programs for mothers and children were begun in 1952, and since then infant deaths caused by birth trauma and infection have been decreasing. The infant mortality rate was 6.35 per 1,000 live births in 1997. Unfortunately, the relative number of accidental injuries, premature births, and birth defects have increased since 1952.

An estimated 8% to 10% of the 300,000 live births were premature, therefore, it is important that comprehensive health services cover all stages of development, from conception through childhood.

In 1965, the number of women who died from childbirth was 75 per 100,000. This figure had dropped to 9.41 by 1986, and to 9.20 by 1997.

A strong preventive health care program has been implemented in Taiwan with health stations around the island offering free vaccinations to infants and children for hepatitis B, poliomyelitis, measles, mumps, rubella, Japanese encephalitis, tuberculosis, diphtheria, pertussis, and tetanus.

Comprehensive health programs and preventive health care services include six health examinations and a handbook of health for all infants and children up to three years of age. These examinations are conducted at clinics and hospitals island-wide. Growth and development norms, as well as recommended daily dietary allowances, have also been charted; thus, health care information in kindergartens and nurseries is now available for pre-school children to detect growth abnormalities at an early age.

Comprehensive measures have been taken to educate pre-school teachers, parents, and expectant mothers on the importance and techniques of oral hygiene. Educational activities on injury prevention of accidents and injuries are conducted every year on Children’s Day (April 4).

To secure national health quality and to address health problems at an early age, the Ministry of Education and the DOH have decided that a complete health record for all elementary school students will be completed biannually, starting from the 1998 school year. The examination will include a record of the students’ height and weight, eyesight, hearing and ENT conditions, oral hygiene, spine and chest, skin, cardiac and pulmonary system, and abdomen, as well as a check for eye diseases, parasites, diabetes, and other health problems. Parents and local health units will each receive a copy of the student’s health records for follow-up inquiries and future reference.

3.1.7 Genetic Health Program

Congenital defects were the second most common cause of neonatal and infant deaths in 1996, accounting for 34.5% of all neonatal and infant mortalities (not including the 21.8% who died of congenital defects of heart and the circulatory system).

Although the infant mortality rate has declined as a result of improved health services, the percentage of babies born with congenital abnormalities has not fallen, with percentage of new-borns with congenital defects at 1.1% in 1995, and the median prevalence rate at 1.7% in 1996.

The government initiated the Congenital Malformation Registration and Follow-up Project in 1980, to study the prevalence, causes, and care of birth defects. There are 90 medical institutions participating in the project to report cases of congenital abnormalities. Genetic health counselling centres have also been set up.

The Genetic Health Law provides a legal basis for health services, such as premarital health examinations, prenatal diagnosis, neonatal screening for congenital metabolic disorders, and genetic counselling. In 1997, there were more than 750 institutions providing one or more of these services and 98.7% of new-borns were screened. The promotion of genetic health programs by the Medical Genetic Advisory Committee is also provided for under the Genetic Health Law.
3.1.8 Use of Natural Remedies

In Taiwan today, treatment through Chinese medicinal practices, including acupuncture, moxibustion (burning of a medicinal plant close to acupuncture points to restore the body’s "energy flow" throughout what Chinese medicine refers to as the 12 meridians), and herbal remedies, is readily available. Treatment through Chinese medicine is also covered by the National Health Insurance program.

The main research body specialising in traditional Chinese medicine is the Committee on Chinese Medicine and Pharmacy (CCMP), whose members are selected from the ranks of the nation’s most distinguished practitioners of Chinese medicine. As of December 1997, there were 8,152 licensed doctors of Chinese medicine in the Taiwan area, although only 3,312 of them were actually practising. There were 3,247 Chinese medicine hospitals and clinics, as well as 9,510 licensed dealers and 245 manufacturers of herbal medicines.

Taiwan is a key centre of research on Chinese medicines, acupuncture, and other Chinese medical practices. Many research projects have been conducted to evaluate the effects of Chinese medicine and acupuncture on various types of illnesses and diseases. Chinese herbal remedies have also been developed for diseases like systemic lupus erythematosus, intestinal ulcers, and bronchial asthma.

Use of traditional herbal remedies is therefore very high amongst Taiwanese people, with most seeking the use of both Chinese and Western medicines and treatments to deal with ailments. This is also reflected in the use of OTC drugs, most of which are marketed on the basis of herbal ingredients, rather than their chemical ingredients, as would be the case in the West.

3.1.9 Modern Malaise

Due to the rapid development of Taiwan’s economy, and the huge changes in local society, so people’s lifestyles have changed dramatically. This has included increased incidence of drinking alcohol, smoking and eating rich foods. All of these are linked to the development of free radicals within the body, these now being regarded as prime causes for the development of cancerous cells.

There has been a steady increase in cases of cancer in Taiwan, with lung cancer caused by smoking and air pollution being amongst the most common. Cancers now cause more deaths than road traffic accidents, which are relatively high in Taiwan.

Around 90% of the people over 40 years of age in Taiwan are infected with the hepatitis B virus, and between 15% to 20% of the total population are estimated to be hepatitis B carriers. Therefore, liver cancer, which has been linked to hepatitis, has for years been the number one killer in the ROC. An island-wide program to control the spread of hepatitis B that was initiated in 1984 and was completing its third and final phase in 1997.

An island-wide surveillance system involving a network of some 700 physicians has been set up to report diseases. All the physicians involved are connected to the network and provide weekly updates by phone. The latest information and medical updates are then made available to other physicians in the monthly Epidemiology Bulletin, which is circulated to medical centres throughout Taiwan.

More than 12,000 cases of TB and 110 cases rubella were reported in 1997. That same year, more than 3,680 cases of syphilis, 102 cases of acute hepatitis, and 76 cases of dengue fever were confirmed by the DOH. In addition, the DOH requires that any disease, parasitic infection, or unusual symptom related to pets be reported, especially in cases in which both the owner and pet become ill.
Local health authorities routinely carry out vaccination programs for polio, measles, mumps, rubella, diphtheria-pertussis-tetanus (DPT), tuberculosis, Japanese encephalitis, and hepatitis B. The coverage rates for these vaccinations, with the exception of measles, have reached approximately 85%. In 1992, the DOH initiated the first stage (1992-1996) plan for polio, tetanus, measles, and rubella eradication. No cases of polio, congenital rubella syndrome and neonatal tetanus were reported in 1997, but there were sporadic occurrences of rubella (110 cases) and measles (63 cases) that year.

Tuberculosis was one of the leading causes of death in the 1950s. In 1947, the TB death rate was 294.44 per 100,000 people. Accordingly, a TB survey has been taken once every five years since 1957. That year, the prevalence rates of pulmonary tuberculosis and bacteriologically infectious tuberculosis were 5.15% and 1.02%, respectively, making TB the third leading cause of death by illness in Taiwan. By 1982, these rates had dropped to 0.88% and 0.15%, respectively. However, by the 1987 survey, the rate for pulmonary TB had increased to 1.29%, while bacteriologically infectious TB continued to fall to 0.11%. Although the TB death rate was only 7.48 per 100,000 in 1997, with 1,699 reported deaths and 16,196 patients, it was still high compared with that of advanced nations.

A centre for the control of dengue fever, which is caused by a mosquito-borne virus, was set up in December 1988 with the joint effort of the DOH and the Environmental Protection Administration. In 1997, there was a small-scale outbreak of dengue fever in Taipei County, with 76 confirmed cases (19 domestic, 57 imported). Compared with the 1,938 cases in 1988, the disease has been brought under control. The results of a monthly density index of vector mosquitoes and larvae must be recorded and reported to the relevant units for evaluation. Frequent examination of the vector index and intensive environmental sanitation education after typhoons and floods are the most important work of the task force.

### 3.1.10 Incidences of HIV and AIDS

Since 1990, the government has provided free screening and treatment for patients in order to reduce the number of cases where those who are HIV-infected have knowingly transmitted AIDS to others. As of June 1998, over 17 million blood tests had been conducted to screen for the human immune deficiency virus (HIV) antibody. By June 1998, a total of 1,925 people had tested HIV positive; and among these, 1,720 were ROC nationals.

Since the Acquired Immune Deficiency Syndrome (AIDS) Control Act was promulgated in 1990, the number of HIV positive victims has increased at an average of more than one case discovered per day. More than 73% were thought to have been infected through sexual contact with an HIV carrier, and 55 married people were infected by their spouses.

According to the Department of Health, the typical male HIV carrier in Taiwan is single, employed, around 34 years old, and has frequented prostitutes. Female HIV carriers are typically married and around 35 years old. Many are housewives who have been infected by their husbands. By mid-1998, male HIV carriers outnumbered female carriers 13 to 1. Legal alien workers are also considered high-risk group. To date, 75 legal alien workers and ten foreign language instructors have tested HIV positive and were subsequently deported.

Despite its efficiency, the screening procedure has encountered setbacks. For fear of being discriminated against by hospital employees or having a positive HIV record in their hospital records, many people who suspected that they were HIV positive have refused to be tested. Instead they turned to donating blood as a free and confidential method of testing, as health authorities would notify them if their blood test indicated the presence of the virus.
The DOH also publishes pamphlets, booklets, and manuals on AIDS, which are distributed to medical personnel and the general public in selected areas. The government also produces TV programmes and films to educate the public. To raise the survival rate of the patients, free antiretroviral therapy is provided by the DOH for all HIV-infected nationals.

4.1 URBAN DEVELOPMENT

4.1.1 Major Urban Centres

Taipei City, which covers 272 square kilometres, is Taiwan’s most crowded urban area with 9,560 persons per square kilometre. Kaohsiung City (154 square kilometres) is next with 9,350 persons per square kilometre, and Taichung City (163 square kilometres), the third most populated area, has 5,519 persons per square kilometre.

The Taichung-Changhua Greater Metropolitan Area was the second fastest with 23.2% growth. The metropolitan area with the highest population remains the Taipei-Keelung Greater Metropolitan Area, with 6.31 million residents and almost 42.9% of the Taiwan’s urban population.

The Kaohsiung Greater Metropolitan Area comes next with 2.66 million residents, while the Taichung-Changhua Greater Metropolitan Area is third most populous with 1.98 million people. It is interesting to note that although the population of urban areas is growing, Taipei City proper has experienced negative growth for nine consecutive years; at the end of 1997, 2.598 million people resided within the city limits

The development of the main urban areas has been a rapid process, with cities such a Keelung growing from being small fishing ports only a few decades ago, into large seaports today. The main cities of Taiwan have all grown around rapid industrial expansion, and so many heavy industries have now become surrounded by the expanding cities, and are no longer on the edge of cities. New industrial parks and factories continue to be built at the edge of the major cities, although as Taiwan comes to rely more on hi-tech industries, the nature of these new developments tends to be more attuned to fitting in with nearby residential surroundings.

The rapid growth in the Taiwanese population in the past few decades has meant that there has been a rapidly growing need for people to commute each day into work. The result has been the typical Asian urban traffic problems of gridlock and high levels of pollution.

New railway and subway systems have been completed in Taipei, and are planned in other cities, in order to help alleviate the growing problem of urban traffic congestion in Taiwan’s cities.
4.1.3 Development of Suburbs

Highly populated urban areas have risen up around the official limits of major cities, forming large metropolitan areas. Metropolitan areas are defined as urban centres with populations of over 1 million people, and in 1997, they continued to grow and are now home to 67.8% of Taiwan’s total population. Among the island’s metropolitan areas, the Chungli-Taoyuan Greater Metropolitan Area grew most rapidly in 1997; its population shot up 28.6%.

5.1 HOME OWNERSHIP

5.1.1 Housing Ownership

There is a high level of home ownership in Taiwan, compared with the situation in much of the rest of Asia. However, due to the high cost of property in the main urban centres within Taiwan, the majority of people rent apartments.

As the economy has grown, and average incomes have risen, so there are increasing numbers of people able to buy their own home. However, as demand has gone up, so have prices, especially in the main urban areas.

The levels of renting have therefore declined slowly in Taiwan over recent years. However, many people will remain unable to afford to buy, largely due to having to remain located in the main urban centres for work reasons, and therefore living in more expensive real estate areas. Property prices in such areas will remain high because of lack of new development space outside these areas making the urban centres prime development regions.

Methods of home buying in Taiwan are as varied as in other developed countries, with mortgage finance now being common. However, many people still prefer to wait until they have made a significant amount of money, so that they can then buy an apartment for cash. Likewise, many will wait until they inherit their parents’ home, and remain renting up until that point.

5.1.2 Frequency of House Moves

People in Taiwan tend not to move about much. The labour market is stable, and there is little in the way of migration for jobs. Even where people do need to work in another city, because of the short distances between places, most cities can be reached in Taiwan within a day.

People also tend to stay close to their families, there still being a strong sense of traditional family values in Taiwan, despite the move to most people living in nuclear families. Therefore, most young couples will not move far from where their parents live.

5.1.3 Typical Urban Housing

In Taiwan, high-rise buildings and infrastructure improvement projects proposed for the Six-Year (1992-1997) Development Plan have a total budget of about $230 billion. In addition to infrastructure development, Taiwanese authorities are building 900,000 public housing units. They also plan 20 to 23 large-scale shopping centers as well as theme parks, hospitals, and schools. In addition, the authorities have provided attractive financial incentives, including low-interest loans, to encourage private investment in buildings, as well as physical and leisure activity facilities.

In 1996, the government moved the real estate sector from the Prohibited to the Restricted list. Previously, foreign investment was totally banned in the fields of real estate trading, leasing, and land development. Though no foreign ownership limit is now set for such investment, investments
still require approval on a case-by-case basis. One major private initiative is by Urban Retail International of Chicago, which will supervise implementation of the new Core Pacific City in Taipei, a leisure park and mall in an urban village setting.

6.1 HOUSEHOLD HABITS

6.1.1 Number of Households

The number of households in Taiwan has increased by 14% since 1993, much faster than the rate of population growth. The reason is that more young people are leaving their parental homes to set up home by themselves, or with a partner, as soon as they are able to afford to do so. This represents a definite shift away from the traditional extended family living situation towards the nuclear household.

![Chart 4: Average Household Occupancy is Declining](image)

Source: National statistics/Euromonitor

6.1.2 New Housing

There has been a gradual decline in the number of housing units in Taiwan, largely due to many old apartment blocks being demolished to make way for new, more expensive developments, which often have fewer housing units, or are for commercial use only.

This situation is putting increasing pressure onto the local real estate market, and is forcing many poorer households out of the main city centres into less well developed suburbs.

There have been government efforts to try and increase new housing starts. However, the Asian economic crisis has badly hit many local fixed asset development and investment companies, many of which have lost money in other Asian countries, and so there is a lack of interest in new building investment at present.
6.1.3 Household Features

Taiwan has a very solid infrastructure, and few households lack the basic amenities of piped, clean water and electricity. Most people use gas from canisters to cook with, gas being sold in returnable canisters from many stores, including 24-hour convenience stores.

Because of the lack of space for new development of housing in Taiwan, so the average apartment for most people is fairly small, usually with only one or two bedrooms, although usually having a living room, kitchen and bathroom.

Most apartments also have a reception hallway where guests and other visitors can be greeted, and shoes deposited – with most Taiwanese leaving shoes by the door and only wearing slippers or flip-flops indoors.

Rooms in the average apartment tend to on the small size. This suits most families, consisting as they do of generally two adults and one to two children. Wealthier families tend to have apartments with large4r rooms as opposed to apartments with more rooms.

Most households in Taiwan consist of a nuclear family of two adults and between one and two children. The economic climate has meant that opportunities for career development are good for the well-educated population of Taiwan. This means that more people are pursuing careers, and putting off having children until later in life, if at all.

The result is not only smaller families, but also an increasingly aged population. Yet, instead of there being more old people relying on the support of the offspring in retirement (as was traditional), because of the strong personal finance market in Taiwan, most elderly people are financially secure, and can afford to maintain their own households.

So the former extended family living situation is now increasingly rare in Taiwan, especially in the cramped urban areas. In rural regions, there are more large, traditional-style houses, passed on through the male line of the family, where several generations can continue to live together. However, as more people seek work in the cities, so these large houses tend to get left with the older generation, with the next generation only moving back into these old, large houses once their parents have passed on.
6.1.4 Ownership of Household Goods

Because Taiwan is so rich economically, there is a high level of ownership of consumer durable goods in the average household. Items that are less common include dishwashers, which tend to be unpopular as most are not suited to Chinese crockery, and tumble driers, which have little place in a country with a hot climate, and where most homes have a drying balcony.

Pianos are not popular due to their size making them a poor choice of furniture in the small average apartment. As few households in Taiwan have carpets, being useless in such a hot climate, so few households need a vacuum cleaner. Most apartment floors are tiles, and so a mop or broom tends to be more frequently used to clean floors.

Because there are so many wealthy families, often where both adults are working, so the demand for cleaning services has risen. There is now a growing market for domestic help in cleaning the home, as well as for childcare services. However, it is still rare to have a live-in nanny or maid, since few apartments are designed to accommodate an extra adult.
Chart 6  Cars and Air Conditioning Units Have Registered Greatest Increases in Household Penetration

% household ownership

Source: National statistics/Euromonitor
7.1 WORKFORCE

7.1.1 Recent Employment Trends

Today, Taiwan has a diversified and skilled work force of roughly 9.4 million people, with a comparatively low unemployment rate of less than 3%; approximately 6.4 million are paid workers, as opposed to those who are self-employed or have some other working status.

During 1997, as in previous years, the government has sought to maintain a productive and qualified work force. Legislative priorities have focused on the rights of workers, including workers’ welfare, labour-management relations, safety and health, and appropriate quotas for foreign workers.

The labour welfare system has been modified by the revision of several labour-related laws. Revised drafts of the Labour Union Law, the Collective Agreement Law, and the Settlement of Labour Disputes Law await legislative approval. A notable development has been the drafting of a work equality law designed to provide stronger protection for the rights of workers, especially women employees.

Chart 7 Workforces Shows Stable Characteristics

% of population

Source: National statistics/Euromonitor

7.1.2 The Work Ethic

Taiwan’s economic growth over the past 40 years has been powered by a well-educated and highly motivated work force. Over the years, the structural composition of labour has changed, but workers themselves have retained their traditional spirit of dedication and hard work.

This remains true still, and there is a culture of working long hours, and of loyalty to the company, rather than being opportunistic in the labour market. The labour market is therefore very stable, with a slow turnover of job seekers and leavers.
Part-time working tends to be done by students and new mothers easing themselves back into the workplace. Otherwise, part-time work is restricted to such industries as retailing and catering. Having left full-time education, most people will seek permanent employment, and the relative security that comes from being an employee of a Taiwanese company.

Most people have an official working day from 8:30 until 6:30, usually with a one hour break for lunch. However, many people will work longer hours than these in order to get ahead in their company. It is therefore not unusual for offices to stay open most of the night.

Most people can take breaks during the day, and will have paid holiday of about two to three weeks. Most companies also pay for sick leave, although payment of overtime is unusual, unless people work an extra day on request, due to a backlog of work.

Most people will work an average of about 50 hours per week, though many company executives will work for much longer than this, such is the intense competition for promotion in many Taiwanese companies.

**Chart 8  Official Working Hours are in Gradual Decline**

Average hours per week

![Chart showing official working hours in gradual decline](image)

**Source:** National statistics/Euromonitor

The majority of workers will eat their lunch out of the office, there being a very cheap and varied catering trade in Taiwan. This means that there is often little need of a staff canteen, except where a factor is in an out-of-town location, and not close to catering amenities.

Taiwan has a very large office-based worker community, serving the financial and trading industries that the country relies on so heavily. There are also many industrial companies which require office and managerial staff. The white-collar sector is therefore now a very significant part of the labour market in Taiwan.
8.1 INCOME

8.1.1 Average Household Income

Average household income increased by some 27.6% between 1992 and 1997. This means that household income grew at an average rate of 5% throughout this period, although in 1998 growth was only 3%. However, this represents a rapid rise in income, and therefore in spending power.

Such high average incomes are what allow Taiwanese consumers to consume at such a high level, and therefore makes them open to newly introduced products and concepts. However, Taiwanese consumers do not lack discretion because of this, and are indeed very conscious of good quality, and value for money.

![Chart 9: Rapid Growth in Average Household Incomes Means Greater Purchasing Power](chart)

Source: National statistics

8.1.2 Regional Differences in Income

Because Taiwan is a fairly small island, there is little real regional variation in terms of average consumer income. Wages tend to be higher in the capital Taipei, where most of the leading companies and financial houses are based. However, in the other main cities, most of which are major sea ports, there are still many high paid jobs as well as other levels of employment.

Indeed, if there is a geographical distinction between high average incomes and lower ones, then it is a vague split between the upland, rural regions, and the plains and urban regions – the latter being the wealthier.
9.1 CONSUMER AND FAMILY EXPENDITURE

9.1.1 Consumer Spending Trends

Only 25% of Taiwanese consumer expenditure goes on food, drinks and tobacco at present, indicating the high levels of disposable income available for people to spend on consumer durable goods. This is symptomatic of the high average levels of income that have been achieved through Taiwan’s rapid economic development.

Such high consumption levels are unusual in Asia outside Hong Kong, Singapore and Japan, and as such Taiwan is a key new market for companies entering the Asian region. The Taiwanese consumer market continues to be heavily influenced by Japan and Hong Kong, and as such, consumer trends in those countries often quickly reverberate in the Taiwanese market, although with alterations to suit the local market.

As disposable incomes have grown, it is interesting how much more is now spent on recreation and education than before. However, much of this spending is directed towards education as opposed to recreation, as the Taiwanese have yet to develop the kind of leisure culture that has appeared in developed parts of Europe and North America in recent decades.

Chart 10 Housing, Recreation and Education Follow Close Behind Food Expenditure

Medical and health spending has been the most significant growth area in consumer spending in recent years, not only thanks to the ageing population increasing demand on health services in Taiwan, but also because people are able to afford better treatments, and are also spending more on preventative, complementary medicines. The latter reason has come out of the strong growth in demand for traditional Chinese remedies and preventative medicines, which have long been popular, but have never before been so affordable and accessible to so many people in Taiwan.

Communications has also become a key area of spending as more people begin to use mobile telecommunications equipment and link up their computers to the Internet. Taiwan is a technologically advanced country, and is at the forefront of computer technology developments in...
certain areas. It is therefore not a surprise to find that Taiwanese consumers are highly technology literate, and are keen consumers of the latest gadgets, especially in the communications field.

Although spending on services remains a small part of overall expenditure, this area of spending has increased rapidly in recent years, indicating that there is a growth in demand for labour saving services amongst consumers.

Chart 11 Healthcare Tops Consumer Spending Growth Sectors

<table>
<thead>
<tr>
<th>% growth</th>
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<tbody>
<tr>
<td>Health and medical</td>
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<tr>
<td>Communications</td>
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<td>Recreation and education</td>
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<tr>
<td>Fuel, light and housing</td>
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<tr>
<td>Services</td>
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<td>TOTAL</td>
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<tr>
<td>Food, tobacco and beverages</td>
</tr>
<tr>
<td>Furniture and equipment</td>
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<tr>
<td>Clothing and footwear</td>
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<td>Other</td>
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Source: National statistics

Especially costly things in Taiwan are housing, cars and parking spaces. This is all due to the lack of land available to build upon. And, because Taiwanese consumers spend so much on housing, they are more cost conscious about buying other products, and are very demanding when it comes to product quality. This means that market competition keeps most consumer goods within a close price band, even if goods in Taiwan are not particularly cheap.

10.1 EDUCATION

10.1.1 Levels of Education

In 1952, about 42% of the Taiwan population could not read and write. Elementary school graduates accounted for 77.5% of the total number of graduates that year. In the 15 years that followed, the population’s general educational level improved as more and more children went on to secondary education. By 1997, the illiteracy rate had dropped to 5.7%, and it is still falling. The government plans to reduce the illiteracy rate to 2% or lower by 2001.

According to the Taiwan government, more than 230,700 children attended 2,777 registered pre-schools in 1997. Of the registered schools, 1,009 were public schools, and the remaining 1,768 were private. Registered kindergartens accommodated 23.3% of the three- to five-year-olds eligible for schooling. Another 243,444 children attended 2,379 crèche and nursery schools, raising the total enrolment to 40% or more for this age group. Nevertheless, the pre-school enrolment rate is still much lower than the 80-90% found in many developed nations.
About 64% of registered kindergartens are private institutions, and therefore have higher tuition. Some 416 of Taiwan's kindergartens, or about one-seventh of them, are in Taipei, and 70% of them are private. Private kindergartens in metropolitan areas usually have fewer problems recruiting pupils, because most parents want their children to get a head start in the highly competitive educational system. Outside the larger cities, however, private pre-school fees prove to be a burden for most average-income families.

In 1997, the net enrolment rate of students eligible for universal public education was 99.3%. Almost all (99.6%) children eligible to begin the first year of elementary school enrolled that year as required by the government, leaving only 1,387 children not attending. Also in that year, 99.2% of the elementary school graduates went on to junior high, and 92.0% of the junior high school graduates continued their studies.

During the same school year, Taiwan had 1.9 million students attending 2,540 regular elementary schools, more than 1.1 million students enrolled in 719 regular junior high schools, and small numbers attending experimental elementary and junior high schools. Although the compulsory education system is the training ground for all children, a larger percentage of students are now continuing their education. In 1950, about 94% of all students were in either elementary or junior high schools (i.e., only 3.7% were in high school programs or above); in 1997, only 58.3% were.

10.1.2 School Attendance

The implementation of universal elementary education has been a success. In 1967, about 97.5% of the students aged six to 12 were enrolled in school. By 1996, the enrolment rate was 99.9%, with an average of less than 33 students per class.

In 1968, when the government introduced nine-year compulsory education, elementary school graduates accounted for 57.4% of Taiwan's total graduates. By 1997, they accounted for 27.8% of the total, a strong indication that the general level of education has risen.

In 1997, the government spent about US$1,895 on each elementary school student, roughly 4.7 times as much as was spent a decade ago. Of the 1.9 million students in 2,540 elementary schools in 1997, about 99.2% of those that graduated continued on to junior high. Despite the high promotion rate, which still leaves approximately 2,800 children (with 346,756 graduates) who dropped out of the educational system at an early age.

Nine years of education has been compulsory since 1968, and there is a wide range of other educational options for citizens of all ages. In the 1997 school year from August 1, 1997, to July 31, 1998 (hereafter, 1997), more than 98.6% of all elementary school-age children (age six to 11) were in school. The total enrolment rate of the population aged between six and 21 was 85.6%, and more than one-quarter of the total population was attending an educational institution of some type. In 1997, there were 7,562 registered schools, with an average of 37.3 students per class and a student-teacher ratio of 20.6. The national illiteracy rate has further fallen to 5.7%.

10.1.3 The School Day

The school day begins at 8.30 hours in Taiwan, and ends at 16.30 hours. The day is usually split into three sessions, including early morning, late morning (separated by a play break) and then afternoon (separated by a lunch break). However, many children also attend evening classes and extra home tuition, often well into the evening (around 21.00 hours), so for many children the school day in fact lasts much longer than school opening hours.

The high levels of competition for school and college places mean that Taiwanese children are given a lot of homework. Children need to cram as much learning in as they can in order to better
their chances of passing college entrance exams, with college places being at a premium, and chances for obtaining good jobs depending heavily on academic achievement.

For this reason, Taiwan is littered with many small cram schools, most of which specialise in different subject areas, which serve the high demand for extra-curricular teaching. The high demand for such teaching is a guide to the intensity of competition existing within the educational system, for the best places at colleges.

10.1.4 Typical School Qualifications

In 1997, there were 1,074,588 students attending 719 junior high schools, with most classes containing 38.7 students. With regard to private schools, only 91,183 students were registered in the ten private schools around the island. In 1997, about 92% of all junior high graduates continued their studies in either senior high or vocational schools. A total of 223,244 people sat for the joint public senior high-school entrance examinations, and roughly 35% were accepted.

In 1997, there were 379,271 junior high graduates. Of those, some 104,026 (27.4%) entered senior high schools, 161,177 (42.5%) went into three-year senior vocational schools, 34,033 students (9.0%) went directly into five-year “junior colleges”, which also cover a student’s high school years, and 16,198 (4.3%) went on to attend the Practical Technical Program.

Only about 7% of the students who completed their nine years of compulsory education did not continue their schooling. Senior high schools focus primarily on training students to pass the Joint University Entrance Examinations (JUEE) after 12th grade, which is a requirement for all students wanting to enter college.

By 1997, senior high school students totalled 291,095, and the ratio of senior high school students to those in senior vocational schools was 36:64. Under the current education system, senior high graduates have two main options: either pursue study at a university or college, or attend a two year junior college after one year of work experience, provided that they have passed the relevant entrance examinations. About 62% of senior high school graduates chose to pursue higher education in 1997.

The purpose of vocational schools is to equip youths between the ages of 15 and 22 with vocational knowledge and skills. In 1950, there was only one senior vocational school and 32 junior-senior vocational schools with a total of 11,226 students. The number of junior vocational schools and students dropped in the subsequent years, and by 1968, all junior vocational schools had stopped enrolling new classes. With the abolishment of the junior high vocational program in 1970, the only vocational schools now are senior vocational schools.

In 1997, about 23% of senior vocational school graduates entered an institution of advanced education or a non-collegiate post-secondary school. In some vocational schools, 60% to 70% of their graduates chose to further their studies.

10.1.5 Types of Schools

Junior high school is divided into academic and vocational tracks. The future of each child is profoundly affected by the decisions during these intermediate years, as it is difficult for students to transfer from one track to the other. After completing the three years of junior high school courses, graduates of both tracks must pass open examinations in their respective tracks in order to enter senior high school or senior vocational school.

The three-year senior high school program prepares students aged 15 to 18 for learning special fields of knowledge, as well as for college study. In 1950, there were 62 senior high schools serving 18,866 students.
Since 1996, several experimental bilateral high schools have combined vocational and academic programs under the same roof. This development has enabled students to select from a much wider range of courses before distinguishing an aptitude for either the academic or vocational tracks.

Subjects to be covered in bilateral high schools as part of the general education for junior high students include: a first and second language, mathematics, social and natural sciences, the arts, domestic science, physical education, extracurricular activities, and vocational education. Various technical courses are provided for students taking skilled trades and semi-professional careers.

Private colleges and schools have a good market in Taiwan, there being both the money to pay for private tuition and the demand for the educational expertise. There are schools covering age groups from pre-school right up to tertiary level, as well as vocational schools and schools that specialise in teaching employees the extra work skills they require to improve work efficiency. Many of the work related schools concentrate on business studies, managerial skills, marketing and sales skills, as well as foreign language fluency training.

10.1.6 Tertiary Education

In Taiwan, higher education is offered at junior colleges, colleges, universities, and graduate programs. College and university enrolment in 1997 was 37.6 per 1,000 of the total population, ranking Taiwan comparatively high in the world.

Junior colleges focus primarily on applied sciences, providing well-trained technicians for the labour market. Other than the five-year junior colleges, which usually enrol students straight out of junior high school, there are also two-year junior colleges, technical and other colleges, and universities for senior high graduates.

Finally, Taiwanese universities and colleges offer a wide variety of master and doctoral programs that are also entered through competitive examination. Students may also go directly from university or college into these programs.

Fifty-one of Taiwan’s 61 junior colleges are private. They are categorised according to their specialisation, with the three main ones being science and technology, humanities, and social sciences. By 1997, more than 8.4% of students at different levels of the educational system were in junior college, a dramatic contrast with 0.12% in 1950.

A five-year junior college admits junior high school graduates for five years of specialised or paraprofessional training, except for those majoring in pharmacy, veterinary medicine, marine engineering, or navigation, who are required to take an additional year of training. There are 54 junior colleges providing five-year courses. In 1997 197,186 students were enrolled in 4,006 classes, with 34,508 students graduating in 1995. Less than 14% of the total number of students studied in public institutions.

Three-year junior colleges have shrunk in number and importance and stopped enrolling in 1996. Except for two schools that specialise in physical education, most three-year junior colleges are being upgraded to become independent colleges. In 1997, only two classes in this category served 394 students. After their graduation, there will be no more three-year junior colleges in operation.

Two-year junior colleges admit senior vocational school graduates majoring in different subjects, such as business administration, engineering, math, computer science, and home economics. Students with job experience can also seek admission. In 1997, there were 236,285 students studying in 4,520 classes. Around 72,581 students graduated from two-year junior colleges in 1996.
In 1997, 346,809 students were registered in 38 universities, 20 of which were national universities. Meanwhile, another 40 independent colleges served the needs of 75,512 students. In 1997, there were 48,619 students studying in 766 graduate schools, with 10,013 studying for doctorates. In 1996, 1,187 doctorates, 11,316 master’s degrees, and 70,702 bachelor's degrees were awarded.

11.1 EATING HABITS

11.1.1 Shopping for Food

Free markets continue to be the main source of fresh produce for most households in Taiwan, but the number of such markets in urban areas is declining, and much of the urban market is now being taken over by small food stores, convenience stores and supermarkets.

Most free markets open very early in the morning and in the evening, in order to attract custom from commuters, and mothers taking children to school. These free markets provide freshly harvested fruit and vegetables, and live animals and fish, catering to the Chinese preference for very fresh produce.

Supermarkets have become well established in Taiwan, but because most consumers only buy packaged and processed foods from these outlets, so visit frequency tends to be less than in the West, and average spends per visit are also less.

Chart 12 Wet Markets Still Account for Almost Half of Food Retail Sales

<table>
<thead>
<tr>
<th>% value</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Food specialists</td>
<td>2.6</td>
</tr>
<tr>
<td>Grocery stores</td>
<td>9.4</td>
</tr>
<tr>
<td>Convenience stores</td>
<td>9.8</td>
</tr>
<tr>
<td>Other</td>
<td>15.2</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>14.9</td>
</tr>
<tr>
<td>Wet markets</td>
<td>48.0</td>
</tr>
</tbody>
</table>

Source: National statistics/Euromonitor

Food spending has remained a relatively steady proportion of total consumer spending over recent years, having settled at roughly 24%. This level is relatively low for Asia, largely because the high disposable incomes of Taiwanese consumers allows them to spend more on ono-essential items, and so make more non-food purchases of more expensive durable goods and luxury items.

The other reason that food expenditure is relatively low is that food prices in Taiwan remain low compared with other goods, and so both buying food to cook, and eating out at most normal restaurants and street stalls (which are very popular) is cheap.
11.1.2 Eating Out

The Taiwanese eat out a lot. This is partly due to eating out being a significant part of the Chinese culture, but also because the hot climate of Taiwan means that people like to go out in the evenings as opposed to when it is too hot during the day. Restaurants, cafés, teahouses, snack bars and food stalls all do most of their business in the evenings, when many people will go out to eat on a frequent and regular basis. Indeed, when people cannot be bothered to cook, but want to stay in to watch TV, many will go out to a restaurant or street vendor, just because it is relatively cheap to do so.

Eating out at fast-food restaurants is often used as a treat for younger children, and many children frequent burger bars and milkshake bars during their time off school. Often such places are used as meeting places for young people, or as places where homework can be done in peace.

11.1.3 Popular Foods

Because of China’s widely diverse geography, each region has developed its own distinctive cuisine. During the major waves of immigration from the mainland to Taiwan in the last century, and especially following World War II, those diverse cuisines found their way to the island.

Not only are a wide variety of Chinese cooking styles available to eat in Taiwan, but the strong influence of the West and Japan mean that there are a wealth of western-style restaurants (especially burger bars, steak houses and Italian restaurants) and Japanese restaurants.

Seafood is a particular speciality of Taiwan, being an island. Seafood restaurants are plentiful in all the cities, and most have a wide selection of fresh produce – most of it alive until cooked.

Formal meals do exist in Taiwan, but most are reserved for formal occasions. Family meals are an important part of family life, but tend to be more informal than in the West, with breakfast being a popular meal when the family will meet up before the day begins. Otherwise, meals at special occasions, such as weddings or funerals, and banquets laid on for visiting guests are the only main formal eating occasions.

Breakfast and the evening meal are when people tend to get together to eat, lunch often being taken on the hoof. Breakfasts are the exclusively family meal, whereas evening meals tend to be more inclusive. Breakfast will tend to be early in the morning, such as 06:00 hours and lasting for only half an hour, whereas the evening meal may begin at any time between 19:00 hours and 21:00 hours and last for up to about two hours.

Eating habits do not change much between the working week and the weekend, although families are more likely to cook at home and eat in during the weekend, due to there being more time to shop for food, and prepare and cook the meals. Breakfasts tend to consist of cereals, toast and/or more traditional products such as bean porridge and steamed buns.

Lunch will most often be eaten out, and will therefore depend on the venue visited. Many will eat a bowl of noodles, or a plate of rice and vegetables at a small restaurant or street stall. Otherwise, canteens are popular where people can choose from a variety of cold and cooked foods, collected up on a polystyrene tray, which can either be eaten in or out. Similarly, many people eat out at burger bars, bakeries or milk shake bars, where they can buy a range of snacks.

Evening meals for most families will mean Chinese food, usually consisting of several meat and vegetable dishes, with a fish dish. Variety is the most important thing in Chinese cooking, and eating in large groups means that there is a better chance of having a greater variety of dishes to choose from.
11.1.4 Snacking

Typical traditional snack foods consist of steamed buns containing sweetmeats or sweet bean fillings, cooked snacks from roadside stalls (which vary greatly) and fruit. The eating of western-style savoury and sweet snacks is common although the variety of western products is still not broad as most people still prefer traditional snacks such as dried beans and fruits.

Western foods are popular with younger people in particular, although most people in Taiwan below retirement age are likely to have eaten Western food. Western foods such as steaks and pizzas are popular, although most Taiwanese still prefer Chinese style cooking.

11.1.5 Storage of Food

Because of the hot climate in Taiwan, most people have a refrigerator to store food in. Due to most people buying fresh produce on the day that it is to be eaten, the need for freezers is therefore much more limited. Most people will freeze some ready meals, ice creams and perhaps store some frozen meat and fish, but the refrigerator is much more significant in most homes.

Due to the hot climate, most fridges are used to store drinking water, soft drinks and beer. Fresh produce bought to use later in the day will be kept in the fridge, as will packaged foods that must be refrigerated. However, the bulk of fridge space is taken up by drinks.

Most other packaged foods are bought in jars, or dried in packets, and so these can be stores in kitchen cupboards without the need for refrigeration.

11.1.6 Stomach Shares

The products that contain a significant commercial value, such as fresh meat, edible oils, seafood, confectionery, noodles, canned food, bakery products, sauces and snacks, accounts for a total of 73% of the total grocery bill of an average Taiwanese family. People tend to spend most on processed foods such as sauces, cooking oils and dried foods, with much less spent on fresh produce.

However, fresh produce represents about 55% of food intake volume in the average diet, the rest being made up by bought snacks and prepared foods such as ready meals and fast food.
12.1 DRINKING HABITS

12.1.1 Popular Drinks

The most popular alcoholic drink in Taiwan is beer. Beer has been popular for many years and is often drunk at informal and formal social gatherings, and now increasingly at home. More traditional grain spirits tend to be drunk more exclusively by older men, whilst western-style spirits tend to be consumed by business people when eating out. Wines are usually drunk only with meals, and have become increasingly popular at about the same time as interest in wine developed in Japan. However, people in Taiwan tend to know very little about wine, and so there is now a growing interest in learning more about wines and becoming able to discern good from bad.

In terms of per capita consumption, traditional drinks such as RTD tea, which has a strong cultural base in Taiwan, have proven the most popular with consumers. Carbonated soft drinks have also become well established in the market, thanks largely to the US influence in Taiwanese history and culture. Fruit juices also remain popular, and have preserved their volume market share, despite losing value market share to more expensive products, such as energy drinks.

The fastest growing sector in terms of per capita consumption is the mineral water sector, which has become popular both as a drink in its own right, but also as better water then tap water, to use in making hot drinks, mixing cold drinks, and also for preparing food. This application of mineral water to a wide variety of uses, has not only increased the overall amounts bought, but also the average size of bottle bought, with more consumers opting to buy in bulk.

Tea remains a popular drink, with much local tea being popular, especially with older generations. New tea products containing herbal remedies have become very popular over recent years, and this has created a new level of interest in tea amongst younger people. Coffee is popular with younger people, but still tends to be too bitter tasting for the majority of consumers. However, new café chains have appeared in Taiwan over recent years, and this trend has helped to encourage greater consumption.
12.1.2 Drinking Habits

Most alcoholic drinks are consumed at bars or restaurants, with drinking of beer at home having only recently become more acceptable. Drinking of wine and spirits tends to be largely something done away from home.

Most men will go out drinking, but this tends not to be a regular event. Drinking out tends to be something done more by young people, with older people drinking out on a more occasional basis. Excessive drinking is very much frowned upon, but this does not discourage some from going on after-work drinking binges. Women tend to only drink out when accompanying a group of friends to a bar or restaurant, and drinking amongst women tends to be much more restricted in volume. Drinking amongst women is still largely frowned upon by older generations, and although attitudes amongst younger people are changing, many young people are still very conservative about such matters.

Most people tend to drink beer, when they go out, with wine being popular only with Western-style meals. Spirits tend to be the reserve of the more hardened drinkers, usually older men. Both bars and night clubs are popular drinking venues with younger people, but many prefer to go out to teahouses for more relaxed drinking. Teahouses often sell iced teas as well as fruit juices and some alcoholic drinks. Many such outlets will stay open until about 23:00 hours.

Taiwan does have its problems with alcoholism, usually affecting older men and especially those who go out on regular drinking sessions with workmates.

12.1.3 Throat Shares

Soft drinks represent a very large part of overall drinks consumption in Taiwan, representing 43% of the volume of all drinks consumed in 1998, having increased in significance from 41% in 1994. This significance is largely thanks to the climate in Taiwan, and the fact that eating out is such a common daily activity for most people. Hot drinks represent such a small portion of total retail sales due to their being so cheap to buy, and because tea tends to be bought in large containers which last for long periods of time.
13.1 SHOPPING HABITS

13.1.1 Where People Shop

The most significant retail outlets formats in terms of share of total retail sales value are wet markets, department stores, clothing retailers and supermarkets. These outlets represent the main format types visited by Taiwanese consumers on a regular basis and for significant spending amounts.

Other retail formats tend to be visited less frequently, being more specific in nature – this category includes non-food specialists such as record shops, booksellers and bakers.

Wet markets still dominate the largest part of the retail trade in Taiwan, with the majority of food sales being sold from stall at such markets. This is due to Taiwanese consumers’ preference for very fresh produce. Wet markets held onto 26% of total retail sales in 1998.

Department stores have seen a significant increase in their share of total retail sales, up from 8.2% in 1993 to 17.5% by 1998. This is thanks to their being popular as one-stop shops for most non-food goods, and encouraging people to shop regularly at such stores through the use of loyalty schemes.

Convenience stores have seen a marked increase in their significance, being conveniently placed for consumer to visit from home, as opposed to on the way into, or back from work. Most of these stores now stay open for 24 hours, and so catch a large amount of trade from night and shift workers returning home.
Taiwan has a highly developed retail market, and most types of outlet found in the West have now been developed in Taiwan. There is a wealth of specialist food and non-food retail outlets in Taiwan, with consumers often preferring to visit specialist retailers for certain goods, especially more specialised electronics or culture products, since specialist advice from retailers is often sought by consumer before buying such goods.

Chart 15  Wet Markets and Non-Food Specialists are the Leading Retail Channels

% value

Source: Euromonitor from trade sources

13.1.2 Shopping Habits

Taiwanese shoppers tend to have one main weekly grocery shop, topped up several days a week with a trip to buy fresh produce for that day's consumption. Shopping for non-food goods tends to be done on an as needed basis. Younger people tend to shop as a leisure activity, and although much is window-shopping, this impulse purchase market remains a very significant part of the overall retail industry. Weekly shopping trips, as well as being to buy groceries, also often incorporate trips to buy non-food items such as clothing, footwear or soft furnishings. The average spend per shopping trip, because of most households shopping every other day for fresh produce, is relatively low.

Taiwanese shoppers will shop at different stores for different purposes. Most shoppers go to fresh produce markets for their daily food buying, but will go to supermarkets or convenience stores when buying non-fresh food. Most drinks consumed at home are bought from convenience stores. For general non-food items, most consumers go to department stores, though for more significant purchases, consumers will tend to trust the service and advice available from specialist retailers.

Increasingly, Taiwanese shoppers are visiting the more conveniently located stores located in or near the new housing estates on the edges of the main urban. This has meant a certain loss in trade for the city-centre stores, although some smaller retailers have been pushed out into the suburban areas by rising property prices.

Taiwan has a well-developed mass-market retail industry. Taiwan has long had chains of convenience stores, supermarkets and hypermarkets, and these chains are well developed in terms of reach into the main residential areas.
Because of Taiwan’s well-developed media and postal infrastructure, home shopping has already reached a highly developed state. This sector of the consumer market has especially grown in more recent years, helping to increase per capita spending. However, many Taiwanese consumers still prefer the physical activity of going out to shop.

14.1 LEISURE HABITS

14.1.1 Leisure and Entertainment Spending

About 18% of consumer spending goes on education and leisure, of which leisure spending is the minority. The six-day work week and predilection of Taiwanese people to put in long work hours is the hallmark of the Taiwan "economic miracle”. However, as the standard of living in Taiwan continues to rise, people are increasingly seeking a more balanced lifestyle of sports and recreational activities that will provide a suitable physical and spiritual counterpoise to the frenetic pace of national development.

Therefore, the government has decided to implement a plan that will give its employees every other Saturday off. This would provide everyone with more quality time that could be spent with the family or used to pursue hobbies and recreational activities. This will also mean that people will begin to spend more money on leisure activities and associated equipment.

14.1.2 Popular Activities

Taiwan’s cities are not very leisure-friendly thanks to its thoroughfares being jammed with traffic, and the sidewalks are crammed with people and parked motorcycles. There are few places to go to ride a bike, jog, or even go for a walk without having to weave through a maze of clutter. The biggest single shift is that recreation has become increasingly constrained by diminishing physical space and limited free time.

Another factor that reduces leisure time in urban centres is traffic. In metropolitan Taipei, rush-hour traffic frequently triples normal commuting time. It can be even worse on holidays and long weekends; during Chinese New Year, for example, a one-hour drive to a neighbouring town can easily extend to three or four hours.

Although Taiwan boasts six national parks, accounting for 8.5% of the island’s land mass, many people seldom visit them for fear of traffic problems. Consequently, many people stick close to home.

According to a 1995 survey regarding the leisure activities of 15,316 interviewees over the age of 15, about 61.3% watched TV or videos from eight to nine o’clock every evening. High school and elementary students spend a daily average of 51 minutes watching TV. The explosion in cable TV channels in recent years is quite likely to increase the amount of time people spend in front of the tube.

A growing class of people who have money to spend but demand convenient places to spend it, has fuelled a boom in indoor, easy-to-reach, urban activities. Thus, no matter where a person lives or works, there are nearby restaurants, discos, karaoke bars, and clothing boutiques down the street, next door, or even downstairs.

To attract patrons who work long hours, most leisure spots are open late into the night. Bookstores and clothing boutiques are commonly crowded with browsers until 22:00 hours on week nights, and night markets are often packed with people of all ages until long after midnight.
Whether eating out alone or treating friends and family, getting a bite to eat is probably the most popular entertainment in Taiwan. Consequently, most neighbourhoods have a wide range of restaurants. The Taipei City Department of Public Health estimates that Taipei alone has between 5,000 and 6,000 restaurants.

More easily accessible entertainment options seem to be on the way including exercise. In order to make better use of the government's alternating five-day work week plan which began in 1998, the National Physical Education Council launched an “everyone works out” campaign on October 1, 1997. By creating more sports facilities and making both the already existing and new ones available to the public, the council hopes to encourage Taiwan's population into exercising more often to become stronger and healthier.

### 14.1.3 Types of Entertainment Outlets

KTV, or Karaoke television, is the ideal indoor entertainment of choice for thousands of people in Taiwan. It may be the fantasy element, the chance to be with friends, or the fact that there simply are not many other leisure activities available-no one can say quite why, but KTV has become a national craze.

Karaoke (minus the video) first showed up in local coffee shops and restaurants in 1976 as an import from Japan. It soon swept the island, becoming immensely popular in both urban and rural areas. A second boom started in 1988, when the government cracked down on pirated videotapes. Many of the island's numerous MTV parlours, which rent videos for customers to watch in private rooms, were forced to stop showing pirated movies. To stay in business, many MTVs added karaoke equipment and switched a letter on the signboard to become KTVs. Thus, a new trend was born. A high percentage of families have karaoke sound equipment to entertain their families and guests.

KTV patrons include people of all ages and occupations, from teenagers to retirees, housewives to business people. Even high-ranking government officials have been known to pick up a microphone and perform.

### 14.1.4 Outdoor Recreation

"Adventure sports" such as surfing, scuba diving, and sail-boarding, although still on a small scale in Taiwan, are gaining popularity around the island as a result of interest generated by classes, rental shops, and clubs. Other activities such as paragliding and bungee jumping are attracting brave souls not scared off by the danger or expense. Since the island's first bungee jumping group set up operations in November 1991, thousands of people have paid a US$80 fee for to try it out. A less thrilling but equally trendy sport that has become a lure to children and adults alike is rollerblading.

Organised recreational activities are offered all year round by groups like the China Youth Corps. On weekends and holidays and during summer and winter vacations, the corps offers young people diverse outdoor activities like parachuting, rafting, skiing, and mountaineering. Each year it also organises mock military exercises, country hiking and camping, talent camps, and safari-style adventures for teenagers and young adults alike. For those who prefer indoor activities, the corps arranges arts and craft courses such as guitar workshops, knitting courses, and painting classes. There are also self-improvement programs, including management courses, vocational workshops, and psychological counselling.

For those who are able to get away from the city for a whole afternoon, golf is yet another very popular form of recreation in Taiwan, and many international-standard courses dot the island. There are currently 25 registered golf courses in Taiwan. While the price of membership in one of the
more prestigious golf clubs in Taiwan can be very high, people still flock to the greens on the weekends. The basic cost for playing 18 holes, not including rentals, caddie fees, and gratuities, ranges from US$50 to US$100.

Ultimately, however, the city park provides the best idea of how Chinese people seek exercise and relaxation. In any park in Taipei early in the morning one can witness people dancing folk dances, practising kung fu, playing Chinese chess, doing aerobics, jogging, stretching, singing, and even taking their birds for a walk.

For a change of atmosphere, many people retire to one of the numerous traditional teahouses all over Taiwan. Chinese teahouses are an unusual blend of contemplative serenity and buzzing activities. A number of such teahouses have been local trend setters for arts and culture, hosting art exhibitions, ceramic displays, antique shows, and teapot collections.

Many of these teahouses, set in elegant cultured gardens, are ideal hideaways where tea drinkers can sample a wide selection of first-class teas. Tea drinking in Taiwan is akin to the high art of wine tasting in the west, and tea drinkers gladly pay between US$40 and US$80 for a half kilogram of good tea.

14.1.5 Sports Participation

In densely populated Taiwan, it takes time, money, and determination to participate in a sport. Just finding a venue is often a major undertaking. Taiwan has 46 major public stadiums with artificial tracks at various locations. Each county and major city in Taiwan has school playgrounds and a network of baseball parks.

Under the Ministry of Education’s “sports for all people” campaign begun in 1979, a total of 72 public sports centres have been built around the island, each with a track, swimming pool, gymnasium, and tennis courts. An additional 4,000 elementary schools, 2,000 junior high schools, 400 senior high schools, and 130 colleges have begun to open their facilities to the public for a few hours each day.

Physical education is a required subject in every elementary school, secondary school, college, and university. However, in reality, physical education instruction programs in schools have traditionally been kept to a minimum in order to allow students more time to prepare for the all-important high school and college entrance exams. In practice, junior and senior high school students are only required to take two hours of PE class per week.

Currently less than 20% of Taiwan’s population regularly engages in sports or exercise. This is low when compared to the US and European rate of 40% to 50%. The Taiwan government has decided to improve this situation by enacting a Five Year Medium-Term Plan for Physical Education (1998-2002) which will cultivate in Taiwan’s students the concept of lifelong sports and exercise. It is expected that the percentage of students taking regular exercise will increase from the current 25% to 35% in the year 2002. The total budget for this plan is US$180 million.

Baseball is the most popular sporting activity. Little League baseball is now offered to both boys and girls in about 47% of elementary and junior high schools, 16% of high schools, and a small fraction of colleges. Basketball is also popular. In 1997, nearly 60% of junior high schools and 42% of high schools participated in the basketball league matches. Other extracurricular sports range from softball, volleyball, table tennis, and badminton to martial arts. Most schools also have their own dance clubs, marching bands and table tennis clubs.
14.1.6 Media Access

Media access in Taiwan is very high in all forms, but especially printed media. The Taiwanese, as with other Chinese, are great readers, and consume a large number of daily, weekly and monthly periodicals, as well as books. There are numerous well-stocked libraries in Taiwan, and library usage is high.

TV ownership is almost universal in Taiwanese households, people tending to watch an average of about an hour of TV each day. The consumption of TV viewing has increased dramatically since the advent of cable TV in the early 1990s. Likewise, many people will go out to see films, either at the cinema or at MTV lounges – where they can watch movies in private.

Local radio stations are also very popular, both for music and the spoken word. Programming covers a wide range of contemporary and traditional music styles, as well as dramas and comedies. However, the most popular radio shows tend to be talk shows, especially those with some political or social content, often with listeners calling in to grill panel members from government or social organisations.

14.1.7 Ownership of Second Homes

Ownership of second homes in Taiwan tends to be the reserve of the very rich, with land prices making it a very expensive proposition for most people. However, some families, which have an old, established family home in the countryside, will sometimes have a second home in the capital Taipei, or another city, so that those of the family who work in the city will have somewhere to live whilst there. Some rich families have second homes near the coast, where they will go to escape from the hustle and bustle of the city when not working. However, the cost of owning such properties is prohibitive for all but the wealthiest Taiwanese.

15.1 PERSONAL GROOMING

15.1.1 Smoking Rates

About two thirds of the adult male population smokes in Taiwan, men representing about 85% to 90% of the smoking population. Although smoking rates have fallen in recent years due to improved awareness of health issues and smoking being banned in an increasing number of public places, Taiwan continues to have a relatively high percentage of smokers in its population.

15.1.2 Personal Hygiene

Over one third of households have fitted electric showers into their bathrooms, the other two thirds having traditional shower run of dual cold/hot water taps. Taiwanese people prefer the cost effectiveness, space saving and relative convenience of showers over baths, especially as showers tend to be more appropriate than baths in Taiwan's humid, subtropical climate.

Both men and women use hair salons, with appearance being an important factor in many people's working lives in Taiwan. The use of beauty salons by women is also common, and such salons are both common, and provide a wide range of beauty therapies and services.

Despite the need to appear smart for many city-based jobs in Taiwan, most men do not use very elaborate grooming products, although this situation is beginning to change thanks to increased Western influence. Apart from basic toiletries and shaving products, most men generally only use a few other cosmetic products, their use continuing to be considered effeminate by most older men.
Younger men are much more fashion conscious, and this is creating both increased demand and acceptance of the use of male cosmetics and fragrances. Much of this influence comes from the West through advertising by the leading cosmetics companies.

### 15.1.3 Dress Codes

Most office workers in Taiwan need to dress very smartly, with few offices having such a concept as a "dress-down Friday". In all but manual labouring work and the media, most workers have formal work clothes; often uniforms in many service industries such as transport, catering or retailing and even in many light and heavy industries. The company culture of Taiwan tends to be similar to that in Japan where wearing the company colours is expected of employees. Most people only dress casually out of work hours, but even then, many older people opt for the "casual but smart" look.

The overt use of cosmetics and fragrances tends to be considered a bit vulgar in Chinese society. However, many women do now use cosmetics quite liberally.

Children wear school uniforms, and so outside of school hours, most will wear casual clothing suited to the hot climate. There is little parental pressure for children to dress smartly, except on special occasions such as family meals out, weddings and funerals, etc.

### 16.1 CLOTHING

#### 16.1.1 Spending on Clothes

Four per cent of overall consumer spending went on clothing in Taiwan in 1998. People tend to wear as little clothing as is deemed decent in order to stay cool in the hot and humid climate of Taiwan. Spending on clothes therefore tends to be concentrated on a few expensive items for work or going out, and the rest of people’s wardrobes are full of loose-fitting T-shirts, shorts and jeans. People also tend to spend more on more expensive items such as consumer electronics and other luxury goods, rather than on expensive clothing, thus reducing the significance of the clothing sector.

Most people buy their clothes at department stores, which not only have a good selection, but also provide good value for money. Boutiques tend to be the main places for people to buy fashion items, but department stores tend to dominate the market for work clothes and school uniforms, although more people are now buying designer suits than previously.

Because of the hot climate in Taiwan, people tend to wear natural fibres such as linen, silk and cotton. Lightweight clothing is preferred to heavy materials, and so few people buy any woollen clothing, except for light pullovers and cardigans for the winter months.

Foreign clothing brands are well known in Taiwan, and local consumers tend to be able to afford to buy designer brands. However, local designers and manufacturers have a high standard of production quality and are beginning to compete more aggressively with imported brands. Young people in Taiwan are highly fashion conscious, but are also very discerning, and are more likely to buck trends seen elsewhere in Asia. Taiwanese consumers are also more

Because most people in Taiwan are relatively well-off, few need to bother with having to make clothes at home in order to save money. However, dressmaking is a popular pastime amongst some elderly women.
16.1.2 Types of Clothing

People tend to wear either smart suits or company uniforms to work, including in many industrial factories. The fact that so many people have separate clothes for work means that leisure clothing tends to be quite different. Most people wear casual clothes out of work, such as T-shirts, jeans and shorts.

Children also have to wear uniforms to school, and so will have a different set of clothes that they wear out of school hours. This means that there is a very conscious difference between work and leisure time and work time.

Because people have wear markedly different types of clothing for work and leisure, the Taiwanese tend to wear clothing to suit their leisure activities, rather than have leisure clothes to suit all activities. Thus, many people who are active in sports will have a separate set of clothes for use in taking part in that sport.

17.1 SAVINGS AND INVESTMENTS

Over 20% of private income in Taiwan goes into savings of some sort or another. This is thanks to people having such high income levels that they can afford the luxury of such high rates of saving. The average per capita saving amount in 1997 was nearly NT$80,000.

This means that most people have a significant amount of expendable income to hand quite quickly, thus reducing most of the money worries that the majority of people have. Most savings are invested in high interest, long-term savings accounts or into short- and long-term stocks and shares investments.

The use of credit cards in Taiwan is also fairly extensive, although many people still prefer to use cash to make payments. Many department stores in Taiwan issue their own stores cards that offer high credit limits, and all the major Taiwanese banks issue credit cards.

Many Taiwanese invest primarily into long-term savings accounts in order to provide for children’s education, marrying off their daughter, investing in business, etc. Only recently have people been able to have enough spare cash to invest more frivolously.

Many people have been investing this extra cash in the stock exchange, literally gambling on the stock markets around the world. However, most Taiwanese are now beginning to invest such extra cash in things such as holidays, better cars, new TV sets or a computer.
18.1 MEDIA

18.1.1 Newspapers and Magazines

The Taiwanese, like other Chinese, read many newspapers, and most of the adult (and much of the child population) will read a newspaper at least once a week, with a large majority reading a newspaper once a day.

The China Times is part of a chain of publications, including the China Times Weekly, the China Times Express, the Commercial Times, and the Taiwan edition of the French magazine Marie Claire. Its affiliated publishing companies include the China Times Publication Company, the Infotimes Company, and the Shih Kuang Company. In September 1995, the enterprise went digital with the China Times website, providing daily electronic newspapers through the Internet to Chinese-language readers worldwide.


The Liberty Times is currently the third largest national newspaper in the ROC. It publishes a US edition through its Los Angeles branch. The Central Daily News, the official news organ of the Kuomintang, is known for its comprehensive coverage of Taiwan politics. In contrast to the Central Daily News, the Independence Evening Post assumes a liberal approach in its news coverage.

While Taipei's major papers provide extensive coverage of national issues and approach the news more objectively, local dailies based in Kaohsiung perhaps reflect a stronger sense of the local identity of the people in southern Taiwan. Aggressive and provocative, the Kaohsiung press places...
a heavy emphasis on political news as well as the culture, literature, and history of the southern region. Leading Kaohsiung papers, the Commons Daily, the Taiwan Times, and the Taiwan Shin Wen Daily News, are peppered with expressions unique to the Taiwanese dialect.

Other major locally focused newspapers include the Taiwan Daily News in the central part of the island, the China Daily News in Tainan, and the Keng Sheng Daily News in Hualien.

Taiwan has two English-language dailies, the China Post and the China News. Although originally targeted at Taiwan’s foreign community, they have become popular learning tools among students of the English language; today Chinese people form the bulk of readers for these two newspapers.

In 1997, heated competition in the magazine industry led to the demise of many long-established magazines and to the emergence of a diverse variety of new magazines. The newcomers in the mainstream market point to a switch from general interest magazines to specialised periodicals concerned with lifestyle, computers, health and travel. Many magazines have also satisfied the public’s curiosity about the rich and famous by providing extensive coverage of the homes and lifestyles of celebrities and other public figures. An increasing number of magazines about food and recreation have appeared, coinciding with the growth of this consumer market and the growing interest in leisure coming from Taiwan’s new alternating two-day weekends.

The ROC magazine industry, like the other print media, has been gradually losing its readership to the TV industry, and has responded by entering into joint ventures with well-known international magazines, publishing Chinese editions of Esquire, Living, Marie Claire, Net and the likes. Many magazines have also established Internet Web sites to provide readers with a selection of articles from each issue.

The magazine industry has witnessed substantial growth over the past several years. In the period of ten years, the number of registered magazines increased from about 3,400 in 1988 to 5,700 in June 1998. These publishers promote their sales through advertisements, direct marketing, telemarketing, discounts, giveaways, and drawings for prizes.

18.1.2 Media Advertising

Print media remains the most extensively used for advertising products to Taiwanese consumers, thanks to the continued popularity of print media amongst Taiwanese. However, as the print media has seen its share of the media market decline as more people have switched to watching TV, so advertising revenues are becoming increasingly hard to win for print media groups.

TV advertising spends now represent over one third of total ad spends. TV is taking away business not only from print media, but most other types of advertising too, such is the rise in popularity of watching TV since the introduction of cable channels in the late 1980s and early 1990s.
18.1.3 Use of Direct Mail

Use of direct mail marketing is now much more commonplace than it used to be, but still Taiwanese consumers seem to respond better to personal service as opposed to a remote service. This is why most direct mail marketing is used to lure people into stores, rather than to sell directly to people via the mail.

18.1.4 Broadcast Legislation

The addition of cable and satellite broadcasting in Taiwan, during the past two decades, significant changes to the broadcasting industry have come about. In 1993, the government implemented the Cable Television Law to govern the cable systems that had proliferated around Taiwan. In February 1999, a revised version of the law, renamed the Cable Radio and Television Law, was promulgated, liberalising foreign investment in cable operations, prohibiting monopolistic developments, and supporting the interests of cable subscribers.

The Satellite Broadcasting Law was also recently promulgated to provide the legal basis for satellite broadcasting signals received via cable or satellite dishes. In addition to ensuring the appropriate content of satellite programming, the law also liberalises direct satellite broadcasting, eliminating the reliance on cable systems.

18.1.5 Radio

Prior to 1993, there were only 33 radio broadcasting companies in Taiwan. By mid-1998, the number had increased to 80 while another 65 stations including a national one were under construction. The rapid expansion of the radio broadcasting industry is due primarily to the release in recent years of frequencies once reserved only for military and telecommunications needs.

The ROC’s increasing social diversity and growing public assertiveness have led to a proliferation of radio call-in programs. Listeners are eager to express their views on the air about national developments and to put questions to government officials who visit the studios to answer inquiries about government policy. Call-in programs cover a wide range of topics, everything from health care to traffic laws. Radio broadcasting in Taiwan includes regular domestic programming by
medium-wave AM and VHF FM stations, medium- and short-wave broadcasts to the Chinese mainland, and specialised programming via short-wave transmissions to other countries. Programs in various Chinese dialects and English are also available.

Station Facilities and Services

18.1.6 Television

The past decade has witnessed unprecedented challenges for Taiwan’s television industry with the legalisation of private cable operations, increased popularity of satellite broadcasting, and the employment of new information technology by the broadcasting industry. The government drafted a satellite broadcasting law which is currently under legislative review.

A landmark development in the history of Taiwan’s television industry was the inauguration of a fourth over-the-air television station in June 1997. Kaohsiung-based Formosa Television (FTV) joined the three existing companies, Taiwan Television Enterprise (TTV) established in 1962, China Television Company (CTV) in 1969, and Chinese Television System (CTS) in 1971. FTV is affiliated with the opposition Democratic Progressive Party and telecasts on VHF low-band.

Taiwan’s over-the-air TV stations are being severely threatened as more and more viewers are tuning in to cable TV. They are feeling intense pressure to preserve their market share by improving programming and technical facilities. Regulated cable television operation arrived relatively late on Taiwan. When the Cable Television Law was passed in August 1993, illegal cable systems were already serving viewers throughout Taiwan, some improving reception of over-the-air television broadcasts in hilly areas and some offering a wide selection of satellite and videotape programming.

18.1.7 Public Television

After 18 years of delays, the Public Television Service (PTS) finally began broadcasting on July 1, 1998. The creation of public-interest television was first proposed in 1980, and four years later the Government Information Office established a task force to produce public-interest programs to be aired on a rotation basis on the three commercial stations-TTV, CTV and CTS.

The PTS offers educational programs, documentaries, dramas, cultural programs, news shows for indigenous peoples and a range of investigative reports. It serves the interests of minority groups as well as the greater public, and is commercial-free, as required by the Public Television Law. The PTS is subsidized by the government in its first year of operation. The subsidy will be gradually reduced in subsequent years.

18.1.8 Government Control of Media

Virtually all media markets in the Republic of China have changed dramatically in recent years, partly in response to technological advances, but perhaps more in concert with the rapid pace of democratisation. New cable service authorisations and broadcast frequency allocations have greatly increased the diversity of radio and television stations available to domestic audiences.

As of June 1998, there were 235 domestic news agencies in Taiwan, compared to 36 before the lifting of the ban on new press agencies in 1988. Concentrated in Taipei and generally small in scale, most of them focus on economic and financial news and developments in the stock market. They serve the print and electronic media, government agencies, financial organisations, the industrial and commercial sectors, and local schools.

The oldest and largest news agency is the Central News Agency (CNA), which was established in Canton in 1924. It was relocated to Taiwan in 1949 and reorganised as a body incorporate in January 1996. CNA operates on a 24-hour basis and maintains 35 overseas offices which file stories
on Chinese and Asian affairs, political events, and economic news from major areas around the world in both Chinese and English. However, the CNA remains ostensibly a mouthpiece of the ruling KMT party, and as such, tends to censor its news to give a bias in favour of the government.

Like CNA, the Overseas Chinese News Agency provides information on overseas Chinese affairs to the domestic and international media. The agency is an affiliate of the Overseas Chinese Affairs Commission. The Military News Agency (MNA), which is under the Ministry of National Defence, is the only domestic news agency that specialises in military news. Besides news releases, MNA also provides video programs for television.

The China Economic News Service, an affiliate of the United Daily News, provides domestic and foreign economic news and international financial updates in English to foreign businessmen in Taiwan. The Liberty News Agency focuses on financial and economic news as well as stock market information.

19.1 COMMUNICATIONS

19.1.1 Telecoms Links

Nearly all households in Taiwan (98%) have at least one terrestrial phone line, and many have a mobile phone or pager in addition. This makes Taiwan very advanced in terms of teledensity. Taiwanese consumers are highly technology literate, having developed their economy on the back of selling cheap hi-tech products and components to the West. Most families not only have more than one phone line, but many use the second line for a fax or for e-mail through a computer.

Computer ownership is also now becoming very high, with some 26% of households owning a PC. This is a very high level of PC access, and most family PCs in Taiwan are linked to the Internet and to e-mail. The use of e-mail is therefore replacing normal mail on many occasions, especially in the workplace.

Mobile communications penetration is also very high in Taiwan, with just under 1.9 million mobile phone subscribers in 1997, along with just under 2.6 million digital pager users. Combined, this means that 20% of the population uses some form of mobile telecommunications technology and service, which is very high by worldwide standards.

20.1 TRANSPORT

20.1.1 Taipei Rapid Transit

Preparations for the Taipei Rapid Transit Systems (TRTS) began back in early 1986. The systems, comprising five lines with a total length of 86.8 km, are scheduled to be completed by the year 2000 at a cost of US$18 billion.

These mass transit systems were initially designed to alleviate urban traffic in downtown Taipei and to encourage people to move from the metropolitan area to the outlying areas. Not unexpectedly, property values along the five routes have skyrocketed. Housing prices have more than tripled in the suburban areas like Mucha, Peitou, and Nankang since 1987.

The TRTS lines all share the common feature of being able to transport a large number of passengers. With the exception of the Mucha Line, which runs four-car trains, all other lines will operate six-car trains, with a maximum capacity of 2,200 passengers per train. Hourly capacity will thus vary between 20,000 and 60,000 people per hour in one direction. In the case of Mucha line, the automatically run trains currently have a carrying capacity of 10,000 to 25,000 passengers per
hour in one direction, because its headway ranges from two to ten minutes. Train speeds range from 25 to 80 kilometres per hour, and the distance between stations varies from between 800 and 1,000 metres downtown to between 1,000 and 2,000 meters in the suburbs.

### 20.1.2 Rapid Transit in Other Cities

Following Taipei’s lead, many other cities in Taiwan, including Kaohsiung, Taichung, Tainan, and Taoyuan, began making plans for their own metropolitan rail transit systems. A feasibility study for a rapid transit system in Hsinchu has also been undertaken. However, the only project to have made it past the planning stage so far is Kaohsiung’s.

Kaohsiung City is Taiwan’s largest harbor and second-largest city. Rapid industrial development and population growth have accentuated the need for efficient metropolitan transportation. The Kaohsiung City Government has accordingly mapped out the Kaohsiung Metropolitan Area Mass Rapid Transit System Development Plan. The Kaohsiung system is being designed to integrate high-speed and regular railway and city bus systems, and thus provide a comprehensive mass transportation network. Already finalised plans call for the construction of 37 stations and a total length of 42.7 kilometres at an estimated cost of US$5.8 billion.

Two additional lines and extensions to the Red and Orange lines are currently in the planning stage. Although according to the original project schedule, bidding for the construction of the Orange Line was to have taken place in 1996, the funding for the system was not passed by the Kaohsiung City Council until December 1997. The Kaohsiung Mass Rapid Transit (KMRT) is currently recruiting a Build-Transfer (BT) Consultant to provide BT service. This consultant commenced its services in August 1998, reviewing and reconfirming the feasibility of the proposed schedule. Accordingly, detailed designs and construction for the Orange Line are expected to begin in 2000.

### 20.1.3 Highways and Freeways

Highway traffic, both in terms of passengers and cargo, was down in 1997. Travelling on Taiwan’s 19,634 kilometres of highways were a total of 1.16 billion passengers, or roughly 34 million less than in 1996. Passenger-kilometres fell 4.6% to 18.3 billion, and the 277 million tons of freight carried on highways in 1997 represented a one% decrease from the previous year. Although these figures may give the impression of an improving traffic situation, the opposite is generally true. With more than 14.3 million vehicles and 21.7 million people in Taiwan, major highways are often congested, particularly during weekends and long holidays. The sections below describe existing highways and discuss new and future projects aimed at making highway travel faster and more convenient.

Inaugurated in 1978, the Sun Yat-sen Freeway (also called the North-South Freeway) was the ROC’s first national freeway. The 373-kilometre long route connects Kaohsiung in the south with Taipei in the north, and then continues northward to its terminus in Keelung. The freeway is still the island’s primary north-south thoroughfare, and the rapid rate at which the traffic load has grown since the opening of the freeway has taken its tolls, both in terms of congestion and wear and tear.

To relieve congestion along the section of the freeway running through Taipei, two 21-kilometre long viaducts have been constructed to run parallel along both sides of the Sun Yat-sen Freeway from the Hsichih interchange in the north to the Wuku interchange in the south.

In August 1993, the southern 65 kilometres between Chungho and Hsinchu were opened for traffic, and the opening of the northernmost section running between Hsichih and Mucha followed in March 1996. The final middle section, which will link Mucha to Chungho, was completed in August 1997. The total cost of the Northern Second Freeway was about US$52 billion.
To facilitate traffic flow in central and southern Taiwan, the construction of the central and southern sections of the Second Freeway has commenced. These two sections are expected to be finished in the year of 2001. When completed, the second freeway will run southward from Taipei to Pingtung. Being the second main artery in the country, the second freeway will certainly be a relief to the heavily congested Sun Yat-sen Freeway.

Construction of the Taipei-Ilan Freeway commenced in July 1991. Beginning at Nankang with a tunnel to the picturesque Ilan, the freeway is scheduled for completion by mid-2003, making the current three-hour drive from Taipei to Ilan only 40 minutes long. In addition, a new east-west expressway in Taipei City is slated for completion in 1999.

20.1.4 Airlines

As of 1997, a total of 51 airlines were providing flight services to destinations in Taiwan. Among these, 34 foreign carriers and five Taiwan-based airlines (EVA Airways, Mandarin Airlines, China Airlines, Transasia Airways, and Far Eastern Air Transport Corp.) operate scheduled international air services to and from Taiwan. UNI Airways Corporation, Great China Airlines and U-Land Airlines – also Taiwan-based carriers – offer international charter services. As for domestic air travel, there are six companies running domestic passenger flights in Taiwan.

There are currently two international airports in Taiwan: Chiang Kai-shek International Airport at Taoyuan in northern Taiwan, and Kaohsiung International Airport in the south. In addition, there are several domestic airports: Taipei, Hualien, Taitung, Taichung, Tainan, Chiayi, Pingtung, Makung, Chimei, Orchid Island, Green Island, Wangan, Kinmen, and Peikan.

As it is estimated that over the next five years domestic air traffic will grow by over 10% annually, work is currently under way to expand capacity. Expansion of airport facilities and the installation of new navigational aids have been carried out at Tainan, Hualien, Chiayi, Orchid Island, and Green Island airports. Also being planned are new airports at Kinmen, Hengchun, and Hsinchu; an expansion at Pingtung; and a new domestic terminal at the CKS airport.

20.1.5 Common Modes of Transport

Most people in Taiwan use private transport, be that a car or a motorbike/scooter. However, the island does have an extensive bus system in both the main cities and throughout the countryside, as well as an extensive rail network. Few people ride bicycles in the cities, this being tantamount to suicide on the chaotic roads.

As most people live close to families and friends, they tend not to have to travel very far in order to visit people, and so generally people only travel over longer distances on a fairly irregular and infrequent basis. Likewise, although many people have to commute into work, most people live relatively close to work.

However, there are those who commute between rural areas and the main cities, the longer commute being a pay-off for being able to live in a less built-up area of the country.

Most people travel at least one hour per day as part of their commute, but many travel more than this, especially when the traffic is bad, which tends to be on most days.
20.1.6 Availability of Public Transport

Taiwan has a modern railway system that provides frequent and convenient passenger service between all major cities on the island. As of December 1996, Taiwan's railway network totalled 2,363 kilometres, an equivalent of 1.11 kilometres per 10,000 people, or 66 metres per square kilometre of land. These 2,363 kilometres of rail transported 19.2 million tonnes of freight in 1996, for a total of 1.6 billion tonne-kilometres, 14.2% less than in 1995. The number of passengers carried also fell 0.03% to total 159 million.

Railways in Taiwan are operated by the Taiwan Railway Administration (TRA), the Taiwan Sugar Corporation, and the Taiwan Forestry Bureau. The TRA provides passenger and freight services to the general public, while the Taiwan Sugar Corporation and the Taiwan Forestry Bureau haul their own products and offer only limited passenger service.

Several types of passenger train services are available: the fastest express class is the Tzu-chiang express, which only stops at the most major stations; the next fastest express class, with more frequent stops at lesser, but still mainly large stations, is the Chu-kuang express. The third class of trains, at the Fu-hsing express level, includes ordinary trains that only exclude the smallest stops, and electric commuter trains that stop at every station on a designated commuter route. Finally, local trains-both with air conditioning and without-serve mostly long routes, stopping at every station, and generally yielding to higher-priority Tzu-chiang, Chu-kuang and Fu-hsing trains.

The TRA has started to upgrade some equipment and facilities. In October 1995, the administration purchased 810 cars (344 electric commuter trains, 400 push-pull electric trains, 66 diesel rail cars) and began putting them in operation in December 1995. The TRA also completed a computerised ticketing system and implemented an automated phone ticketing system linking 42 stations.

The government has already begun the development of a high-speed railway (HSR) in Taiwan. The planned HSR route, 340 kilometres in length, will pass through the west corridor of the island. Ten stations will be located in Taipei, Taoyuan, Hsinchu, Taichung, Changhua, Yunlin, Chiayi, Tainan and Kaohsiung to serve approximate 22 million residents in the region. The overall construction cost of the HSR project is estimated to be US$16.1 billion. The HSR is expected to begin operating in June 2003. The travel time from north to south will be cut from 4 hours by existing train or highway vehicles to 90 minutes by HSR.

In order to eliminate grade crossings in the Taipei metropolitan area, solve the downtown traffic bottleneck, decrease noise pollution, and promote a cleaner, healthier environment, the Taipei Railway Underground Project was initiated in conjunction with the Taipei Mass Rapid Transit System and the High Speed Rail projects.

The first and second portions, which involved building an underground railway system from Wanhua to Huashan and from Huashan to Sungshan, respectively, have already been successfully completed and are currently in operation. Construction on the third project from Wanhua to Panchiao began in September 1992 and is scheduled to be completed in June 2001.

20.1.7 Effects of Traffic Congestion

Traffic in Taiwan's major cities is very congested. Urban planners in all of Taiwan's metropolitan areas have to cope with a similar set of challenges: a soaring number of new motorcycles and cars, a limited number of streets, and the complexities of acquiring very scarce space for improvements. Fortunately, countermeasures such as the mass rapid transit systems and swift and convenient bus services are finally being brought about.

Compared to other major cities in Taiwan, Taipei city undoubtedly has the busiest traffic. Growing numbers of private cars and numerous construction projects are placing an increasingly intolerable burden on Taipei's saturated roads and streets. Referring to the traffic volume data in 1997, there
are 640,353 automobiles and 803,277 motorcycles operating on Taipei's limited land space. An average of 7,641 additional automobiles and motorcycles take to Taipei's streets each month.

To encourage the use of public bus system, the Taipei City Government has made certain lanes of eight streets for exclusive use by buses. There are a total of 47.6 kilometres of such bus lanes. Although they are generally reserved for urban buses, the government has agreed to allow commuter buses owned by schools, companies, and other organizations with a seating capacity of at least 20 persons to use them.

By the end of 1997, 263 commuter buses were using the bus-only lanes, and the number of bus passengers had increased by 4.9% annually. Research shows a positive influence of the bus-only lanes system. Research has shown these lanes as improving local traffic congestion. Based on a 1996 survey, the average travel speed of cars during rush hour was 15% higher than that two years ago. Furthermore, after their implementation, the average travel speed of buses during rush hour increased 35%.

21.1 TRAVEL AND TOURISM

21.1.1 Overseas Tourism

The Taiwanese are only just learning how to relax, having been a nation of workaholics for many years, they are only just now learning to reap the rewards of having amassed so much wealth in such a short space of time. Being new to taking vacations, most people are now only beginning to spend more time exploring their own country, or are taking trips over to the Mainland to visit relatives there, now that the political ill-will between Taiwan and the Mainland has thawed.

Because there is a lack of a leisure culture in Taiwan, spending on tourism is rather small in comparison to other areas of spending. However, the Taiwanese are beginning to appreciate just how much money they have, and are beginning to understand the opportunities they have for travel overseas.

After growing at double-digit rates for years, the increase in outbound travel plummeted to just 1.9% in 1994 before rebounding to 9.4% in 1995 and resuming double digits growth of 10.1% in 1996. In 1997, a 7.9% growth was registered which brought the total outbound travellers to 6.2 million, meaning that the number of overseas trips taken by Taiwan residents equals more than one-fourth of the entire population. However, in the first half of 1998, a drop of 6.8% was registered as compared to the same period last year, reaching 2.9 million.

The destinations of outbound travellers is not clear, since Taiwanese citizens going abroad are no longer required to fill out departure cards stating their destination. It is clear, however, that most of them go to short-haul destinations in Asia, especially Hong Kong (where most transit to their final destinations in mainland China) and Japan. Those two areas are the first and second most popular destinations for Taiwan tourists.

Taiwan residents travelling to Hong Kong numbered 2 million in 1997, down 8.8%, while visits to Japan rose by 8.6%, to 652,000. Travel to Asia as a whole totalled 4.6 million, up 5.5% and accounting for the vast majority of all outbound travellers.

The United States attracts the third largest group of outbound travellers; visits by Taiwan residents to that country totalled 590,000 in 1997, up 1.6%. Travel to Canada rose by 26.5%, to 117,000. Trips to Europe as a whole increased by 13.5% for the year, to 188,000 with the greatest number travelling to Netherlands (48,000), followed by Germany (46,000) and United Kingdom (40,000).

In the first half of 1998, outbound travel dropped by 6.8%, bringing the total number of overseas trips for the period to just under 3 million.
Air travel, because of its speed and convenience, is the most popular form of overseas travel with Taiwanese tourists and business travellers alike.

21.1.2 Effects of Incoming Tourism

The number of inbound and outbound international passengers exceeded 54 million in 1997, up more than 4.7% over the 1996 figure of 52 million. The amount of air freight handled also increased, from around 1.2 million tons in 1996 to more than 1.3 million tons in 1997. In addition to passengers and cargo, the number of flights also grew by more than 15,373 to total 714,403 in 1997.

Most visitors to Taiwan tend to be from Asia, and few visitors from elsewhere visit Taiwan for the purpose of tourism. Incoming tourist does not therefore pose a particular strain on local infrastructure, and the impact of incoming tourists is therefore small.

21.1.3 Buying Holidays

The Tourism Bureau carries out various types of services and promotions. In 1997, the Bureau published 30,000 copies each of the "Outbound Travel Information" handbook, "Overseas Travel Safety information" brochures (for Southeast and Northeast Asia, the United States and Canada, Europe, Australia and New Zealand, and Africa), and 5,000 copies of the "Travel Treasury Lecture Series".

Most people buy their holidays or travel tickets through independent travel agents, or through transport providers such as the major airlines. Most private travellers tend to travel overseas within either a family group, or though a club or society (often work related). This is also the case very often where holidays taken within Taiwan are concerned, with most people visiting the coast with a works day out, or some such event. Most people are entitled to between two and three weeks holiday each year.

21.1.4 National/Public Holidays

The Chinese lunar calendar is crowded with traditional festivals. The first major festival of the year is Chinese New Year, often called Lunar New Year, the most important of annual festivals, followed by the Lantern Festival on the first full moon of the lunar calendar (usually during the month of February on the solar calendar).

Next on the calendar is the birthday of Matsu, Goddess of the Sea, celebrated with elaborate rites at Matsu temples throughout Taiwan. Boat races and the eating of tsongtse during the Dragon Boat Festival commemorate a drowned poet-statesman. The Ghost Festival, when the gates of Hell open and spirits visit the land of the living, is marked by temple ceremonies, feasts for wandering ghosts, and other activities.

The Mid-Autumn or Moon Festival celebrates the full harvest moon and is marked by family reunions, barbecues, gazing at the moon and eating rich pastries known as "moon cakes".

Confucius’ Birthday, also celebrated as Teachers’ Day, is marked with an ancient dawn ceremony of dance, costume, music, and rites.

The last major festival of the year is Double Tenth National Day, which commemorates the anniversary of the October 10, 1911, revolution that led to the overthrow of the last dynasty and the founding of the Republic of China. It is marked with huge parades in front of Taipei’s Presidential Office Building, displays of martial arts, folk dances, and other cultural activities.
These are the official civic and religious holidays, when banks, offices and most shops are closed. Most holidays fall on a fixed date every year, but some traditional holidays change according to the Chinese lunar calendar from year to year.

22.1 SUMMARY OF OPPORTUNITIES

Prospects for Political and Economic Stability

Taiwan has enjoyed relatively stable political situation since the ending of martial law in the 1980s. However, continued tension between the nationalist government in Taipei and the communist government in Beijing, both of which claim the right to rule the whole of China has meant that relations between Taiwan and the Mainland have continued to be tense.

The Mainland government seems to have settled down to argue sovereignty through political dialogue rather than through military intervention, and as long as this is the case, Taiwan should be free to continue its remarkable economic expansion. Indeed, it is in the Mainland's interest for Taiwan to prosper, especially as its long-term aim is to reunite Taiwan back with the Mainland.

Major Healthcare Issues

Taiwan has a well-developed healthcare system, and as such is able to deal with most medical issues. However, some diseases such as hepatitis and dengue fever have become increasingly significant in Taiwan in recent years. The government has channelled more resources into combating these problems though, and public health in Taiwan remains good.

One of the most pressing healthcare issues over the next few years will be the effects of air pollution. For too long Taiwan’s cities have been choked with the smog of car exhaust fumes and the smoke from factories. The long-term results on the population have yet to really appear, but the effects are sure to be significant.

The government will have to address the air pollution issue in a much more drastic and radical way if it is to avoid a very serious decline in the health of especially its older generation, which is becoming the largest sector of the population. Should there be a significant increase in the number of people crippled by lung disease because of air pollution, the economics effects could seriously affect the country’s economy.

Population Growth

Taiwan’s population is growing at a steady rate, and it is likely to continue to do so. High standards of living and high disposable incomes mean that people are tending to live longer and put off child birth until later in life. This has helped to slow down the birth rate to a level whereby the overall population has remained growing at more or less the same low rate for several years.

Yet, as the population continues to age, there will be an increased need for more young people to become economically active and create the wealth needed to sustain the healthcare and social services to support such a large elderly population. To this end, the government is already encouraging people to have two children, rather than one child.

Consumer Expenditure

Consumer expenditure is expected to continue to rise at a steady pace over the next few years, although the economy will naturally slow down as it continues to mature, and thus consumer spending will gradually see an easing off of growth rates. The overall value of consumer spending is expected to reach just under NT$7,900 billion by 2002, up by 29% on 1998.
More of consumer spending will be directed towards housing and long term investments such as pensions and life insurance. It is also expected that Taiwanese consumers will continue to invest more heavily in education, thus enabling the future generation to stay ahead of new technology and economic methods, and thus keep the Taiwanese economy competitive with the rest of the world.

**Average Household Income**

Income growth is expected to also slow down as the general economy matures, and rises in income are expected to be less than rises in spending, as people begin to dip into the substantial amounts of savings that have been amassed. This will help to open up the economy, and should create new opportunities in the domestic consumer market, both for domestic and foreign companies.

**Retail Sales Development**

Retail sales are expected to grow largely in line with the rate of growth of average household incomes, at about 4% per annum. The total retail market is therefore forecast to grow to just under NT$1.4 billion by 2002. The retail sector will see a similar slowdown in growth as in the overall economy and household incomes, due mainly to the maturation of the economy.

**Employment Trends**

The employment market in Taiwan is relatively steady and is expected to remain so, although many more people will need to train overseas in order to learn about new technologies, and this may lead to a "brain drain" as people are tempted to stay overseas on completing their education.

**Development of New Industries**

Taiwan has already kept ahead of the Hi-tech industries rapid developments in order to develop its newest industries, and thus remain a competitive trading nation. The key to its remaining in this position will be Taiwan's ability to keep its brightest and best in Taiwan and working for Taiwanese companies. This will demand an increasing amount of entrepreneurial zest from people in Taiwan, and a shift away from large multi-sectoral companies towards more small, specialist manufacturers and service companies.

**Stagnation of Traditional Industries**

Taiwan has managed to keep its more traditional industries strong, despite the problems in other countries. Shipbuilding is a prime example. However, many ship builders have already seen the need to expand into other industries in order to avoid becoming redundant. This flexibility is what has made Taiwan more competitive than many other countries, and is what will continue to be required as the country shifts more into providing Hi-tech specialist manufacturing and service industries.

**Communications and Infrastructure Development**

Taiwan is already well served by both physical and virtual infrastructures, but there is always room for improvement. Blessed with large surpluses of foreign exchange reserves, the government has not been mean about continuing to improve infrastructure, both concrete and electronic. This will continue to provide new opportunities for contractors in these fields.