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## INFORMATION NOTE

### Government's Policies on Agriculture and Fishery Industries in Taiwan

#### 1. Background

1.1 The Panel on Food Safety and Environmental Hygiene and the Panel on Environmental Affairs, at a joint meeting on 29 November 2005, requested the Research and Library Services Division to provide information on governments' policies on agriculture and fishery industries in places outside Hong Kong. A preliminary research on various places indicates that very few places outside Hong Kong have agriculture and fishery industries similar to Hong Kong's in aspects such as scale, structure and economic importance. For example, while the two industries are of minimal importance to the overall economy in Singapore, as they are in Hong Kong, the Singaporean government has seldom formulated significant agricultural and fishery policies to which Hong Kong could draw reference.

1.2 Taiwan is selected for this study because of its relevance to Hong Kong in certain aspects. In particular, the share of the agriculture and fishery industries in Taiwan's Gross Domestic Product has been diminishing rapidly, from 2.57% in 1999 to 1.74% in 2004.<sup>1</sup> In addition, the two industries have been undergoing significant changes caused by, among others, the dwindling and aging workforce, the lack of attractiveness to young people, the restructuring of farming from quantity-oriented to knowledge-based production, and the opening of the domestic market after Taiwan's accession to the World Trade Organization in 2002.

#### 2. Agriculture and fishery industries in Taiwan

2.1 In Taiwan, official figures released in 2004 showed that in recent years, the number of farm households dropped considerably from 787 407 in 1999 to 728 205 in 2003, which accounted for 10.4% of the total number of households in Taiwan. On the other hand, from 1999 to 2004, the number of fishermen households dropped slightly from 135 508 to 132 832, which accounted for less than 2% of the total number of households.

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<sup>1</sup> Council of Agriculture (2005a).

2.2 In 2004, the total agricultural production valued at NT\$386.5 billion (HK\$94 billion), while the total fishery production, including aquacultural products, was 1.41 million tons worth US\$2.7 billion (HK\$21 billion).<sup>2</sup> In 2004, the total value of agricultural imports was about US\$8.86 billion (HK\$69 billion), including crop products of US\$5.2 billion (HK\$41 billion) and fishery products of US\$526 million (HK\$4 billion). Meanwhile, the quantity of agricultural imports totalled 18.6 million tons, including fishery products of 387 000 tons.

2.3 Both agricultural and fishery policies are formulated by the Council of Agriculture (COA) of the Executive Yuan, which is responsible for agricultural and fishery affairs and food administration. Under COA, there are a number of bodies, each with specified responsibilities to assist COA in carrying out its functions. The four major bodies are:

- (a) the Agriculture and Food Agency, which is responsible for the *"drafting, implementation and supervision of agricultural and food policies, laws...and plans...the promotion of domestic agricultural products and the supervision of agricultural and food products processing;"*<sup>3</sup>
- (b) the Fisheries Agency, which is responsible for the *"drafting and supervision of fisheries policies, laws...and plans, and the planning, implementation and supervision of the aquaculture industry;"*<sup>4</sup>
- (c) the Bureau of Animal and Plant Health Inspection and Quarantine, which is responsible for the *"drafting, implementation and supervision of policies, laws and plans on animal and plant diseases, pest control and quarantine, and the inspection and treatment for diseases of imported and exported animals and the products of livestock, poultry and fishery;"*<sup>5</sup> and
- (d) the Bureau of Agricultural Finance, which is responsible for the *"planning of the agricultural financial system and regulatory policies...and the planning, supervision and assistance of agricultural financing."*<sup>6</sup>

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<sup>2</sup> Council of Agriculture (2005a), (2005b) and (2005g).

<sup>3</sup> Article 2, Organizational Act of the Agriculture and Food Agency, Council of Agriculture, Executive Yuan.

<sup>4</sup> Article 2, Organizational Act of the Fisheries Agency, Council of Agriculture, Executive Yuan.

<sup>5</sup> Article 2, Organizational Act of the Bureau of Animal and Plant Health Inspection and Quarantine, Executive Yuan.

<sup>6</sup> Article 2, Organization Act of the Bureau of Agricultural Finance, Council of Agriculture, Executive Yuan.

2.4 In addition, COA exercises authority over agricultural research and extension stations and institutes. The **Appendix** presents the organizational framework of government bodies relating to agriculture and fisheries in Taiwan.

### **3. Agricultural policy**

3.1 In Taiwan, the government's agricultural policy is primarily governed by the Agricultural Development Act which aims *"to ensure the sustainability of agricultural development, to address agricultural globalization and liberalization, to promote reasonable farmland uses, to stabilize agricultural production and sale, to increase farmers' income and enhance their well-being, and to raise the living standards of farmers"*.<sup>7</sup> The major components of the agricultural policy are as follows:

#### Enhancing the competitiveness of agriculture

3.2 To cope with the worldwide trend of developing agriculture into a knowledge-based economy, COA has introduced a series of measures for the upgrading of agriculture, which include:

- (a) co-ordinating with other public authorities relating to education and technology to promote agricultural research and education;
- (b) developing the food processing industry to add value to farm products, making them more commercialized, and therefore promoting agriculture from a primary industry to a secondary or tertiary one;
- (c) modernizing agricultural marketing channels, such as encouraging quality accreditation on fresh agricultural products, promoting brand names to strengthen the competitiveness of local products, and combining rural culture and seasonal features with sales activities to enhance consumers' awareness of local products; and

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<sup>7</sup> Article 1, the Agricultural Development Act.

- (d) revising the Agricultural Development Act in 2003 to provide the legal basis for the government to establish agricultural technology parks. As of December 2004, the Pingtung Agricultural Biotechnology Park, the Tainan Orchid Biotechnology Park, the Changhua County National Floricultural Park and the Chiayi County Spice and Medicinal Herb Biotechnology Park have been under development. In particular, the Pingtung Agricultural Biotechnology Park, which involves an investment of NT\$8.3 billion (HK\$1.9 billion), is the first agricultural biotechnology park in Taiwan. The 350-hectare Park can accommodate up to 120 companies. Companies moving into the Park during its first two years of operation will be offered three rent-free years, and those making special contributions to agriculture will enjoy up to five years of land rental exemptions or reductions. COA expects that by 2014, the Park's annual production value will reach NT\$18 billion (HK\$4.2 billion) and the annual revenues generated by patented agricultural products will exceed NT\$2 billion (HK\$470 million). It also expects that the Park will create 8 000 job opportunities.<sup>8</sup>

#### Development of recreational farms

3.3 Based on the ideas of "agriculture with tourism", "agriculture with education" and "agriculture with leisure", COA assists farmers in transforming their businesses into recreational farms, such as helping cities, counties and towns make plans for recreational farms. Such plans include training relevant manpower, strengthening research and development for recreational farm products, organizing local recreational activities and building public facilities in recreational farms. COA also encourages recreational farms to form strategic alliances and participate in international tourism exhibitions. In January 2002, the Recreational Agriculture Guidance and Management Regulations were revised to allow the establishment of recreational farms as small as 0.5 hectare and the re-designation of land for the construction of board and lodging facilities for visitors. Up to September 2003, COA had approved the establishment of 114 recreational farms.

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<sup>8</sup> Biotechnology park tentatively approved, *Taipei Times*, 7 October 2003, available from: <http://www.taipetimes.com/News/taiwan/archives/2003/10/07/2003070727/print> [Accessed December 2005], and New agricultural biotech park act provides added incentives, *Invest in Taiwan*, 13 June 2004, available from: <http://investintaiwan.gov.tw/en/news/200406/2004061302.html> [Accessed December 2005].

### Vocational training

3.4 To help farmers cope with the restructuring of agriculture, COA has been offering:

- (a) professional agricultural training to encourage youngsters in rural areas to stay in farming and train them to become farmers with an international outlook and professional skills. Such training courses cover vegetables, flowers, fruit trees, seedlings, livestock, agricultural materials, organic agriculture, recreational farm, agribusiness management, marketing strategies and up-to-date technologies. Up to 2004, 66 training classes had been conducted and 1 899 people had completed such training courses;
- (b) agricultural information and Internet skill training to strengthen farmers' capability of gathering up-to-date information. Up to 2004, 4 430 farmers had attended such classes; and
- (c) vocational training for farmers who quit farming to learn other skills. Up to 2004, about 2 700 farmers had attended 90 training classes on snack making, Chinese cooking, western cooking, beverage preparation, wine mixing and baking.

### Health and living support

3.5 COA has set up a health and living support system in farm villages where old farmers can live a respectable life after retirement. The system includes:

- (a) training about 650 volunteers to serve farming families, such as providing consultation and referral services and looking after solitary old farmers;
- (b) training 150 volunteers to visit disabled farmers and assisting primary-level farmers' associations in providing education on life-long care to farmers in need. Up to 2004, about 57 600 farm families had benefited from this initiative;
- (c) improving the relevant infrastructures and cultural and recreational facilities; and

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- (d) providing allowances to old farmers under the Provisional Elderly Farmers' Welfare Allowance Regulation. Since 2004, the monthly allowance whose amount is adjusted every 5 years has increased from NT\$3,000 (HK\$702) to NT\$4,000 (HK\$936).<sup>9</sup>

### Financial support

3.6 COA has provided financial support for the sustainable development of agriculture, which includes:

- (a) establishing the Agricultural Development Fund of NT\$151 billion (HK\$35 billion) which aims to promote farmers' welfare and agricultural development. For instance, in 2004, NT\$5 billion (HK\$1.2 billion) was appropriated from the Fund to provide loans to agricultural and marketing groups at a 2% annual interest rate, and 1 500 applications for such loans were approved;
- (b) providing scholarships or grants to young people who wish to engage in the agricultural industry to study agriculture;
- (c) providing guidance to agricultural school or college graduates who purchase arable land to engage in agricultural production and need capital to start their businesses;
- (d) providing agricultural natural disaster relief, which is in the form of cash, grant, low-interest loan or tax exemption/reduction, to farmers to alleviate losses from natural disasters and resume production quickly; and
- (e) subsidizing the freight of chemical fertilizers so as to ease the impact of the price hike of chemical fertilizers on crop production costs.

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<sup>9</sup> Under the Regulation, eligible farmers include those who have reached the age of 65; have been covered by the farmers' health insurance programme for more than six months; and are not receiving any old-age pensions from social insurance (such as labour insurance), living allowances or other types of government assistance. This allowance scheme is also applicable to fishermen.

#### 4. Fishery policy

4.1 In Taiwan, the government's fishery policy is primarily governed by the Fisheries Act which aims *"to conserve and rationally utilize aquatic resources, to increase fisheries productivity, to promote sound fisheries development, to guide and assist the recreational fishery, to maintain order of the fisheries, and to improve the living of fishermen"*.<sup>10</sup> The major components of the fishery policy are as follows:

##### Enhancing the competitiveness of fisheries

4.2 To strengthen the competitiveness of fisheries in Taiwan, COA has adopted the following measures:

- (a) improving the relevant fishery infrastructures, such as the construction of multi-purpose fishing ports to meet the recreational needs of tourists and promote recreational fisheries at marine areas;
- (b) promoting the development of deep sea, offshore and coastal fisheries, such as conducting surveys on high seas fishery resources, and establishing artificial reef areas, protected reef areas and fishery conservation areas to improve the productivity of fishing grounds. For example, in 2004, COA released 4 000 utility-pole reefs and 30 large steel reefs in 16 artificial reef zones along the coastline;
- (c) promoting the development of aquaculture by releasing the "Criteria for Installation of Good Aquaculture Practice" and the "Guideline for Application and Assistance for Good Aquaculture Practice" to help fishermen improve their management;
- (d) planning to establish the Yilan County Marine Bioscience Park to facilitate technology transfer for fisheries and their related industries;<sup>11</sup> and
- (e) engaging experts to conduct workshops for fishermen's associations, aiming to help fishermen resolve issues on fishing technologies and develop modern management modes.

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<sup>10</sup> Article 1, the Fisheries Act. In the Act, "fisheries" means *"the industries of catching, of harvesting, or of cultivating aquatic organisms, as well as processing, transportation, and distribution industries associated thereto"*.

<sup>11</sup> The Yilan County Marine Bioscience Park, expected to start operation by the end of 2008, covers about 50 hectares. Its target industries include aquaculture and biotechnology cultivation, multi-purpose algae biotechnology cultivation, marine produce food science, reuse and recycling, marine biology specialty chemical ingredients, value-added park culture and biomedicine. *The One and Only Marine Bioscience Park*, available from: [http://enwww.e-land.gov.tw/default.asp?PageId=Best\\_Of\\_Taiwan](http://enwww.e-land.gov.tw/default.asp?PageId=Best_Of_Taiwan) [Accessed December 2005].

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### Development of recreational fisheries

4.3 COA has sponsored a community-wide recreational fishing management team to help fishermen's associations develop recreational fishing. It has established 26 fishery resources conservation zones. It also encourages private investment in the construction and management of leisure fishery facilities in coastal areas such as Penghu County and Ilan County.

### Vocational training

- 4.4 To improve the quality of fishing manpower, COA has provided:
- (a) fishing boat training sessions on fishing regulations, international treaties, international fishing negotiations and dispute resolution, sea survival skills, on-board fire fighting, emergency rescue and life raft operation. Up to 2004, such sessions had been attended by a total of 13 347 fishermen; and
  - (b) training programmes for fishermen who wish to quit fishing to learn other skills.

### Health and living support

4.5 COA has set up a health and living support system for fishermen, similar to the one for farmers. In particular, like farmers, retired fishermen are entitled to receive allowances under the Provisional Elderly Farmers' Welfare Allowance Regulation.

### Financial support

- 4.6 COA has adopted the following measures to ease the financial pressure on fishermen and sustain the development of fisheries:
- (a) using the Agricultural Development Fund to promote fisheries;
  - (b) providing scholarships to children of underprivileged fishermen to attend high schools, colleges and universities;
  - (c) subsidizing the price of oil used by fishing boats to ease fishermen's operating difficulties, with the subsidy ranging from NT\$1,468 (HK\$344) to NT\$1,662 (HK\$389) per kilolitre of fuel, depending on the types of fishing boats. To prevent the misuse of the subsidy, the Fishing Boat Oil Misuse Prevention Supervisory Committee has been set up to conduct random checks;

- (d) providing insurance for fishing boats and low-interest loans to fishermen; and
- (e) providing natural disaster relief to fishermen to alleviate losses from natural disasters and resume production quickly.

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Prepared by Thomas WONG  
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Tel: 2869 9621

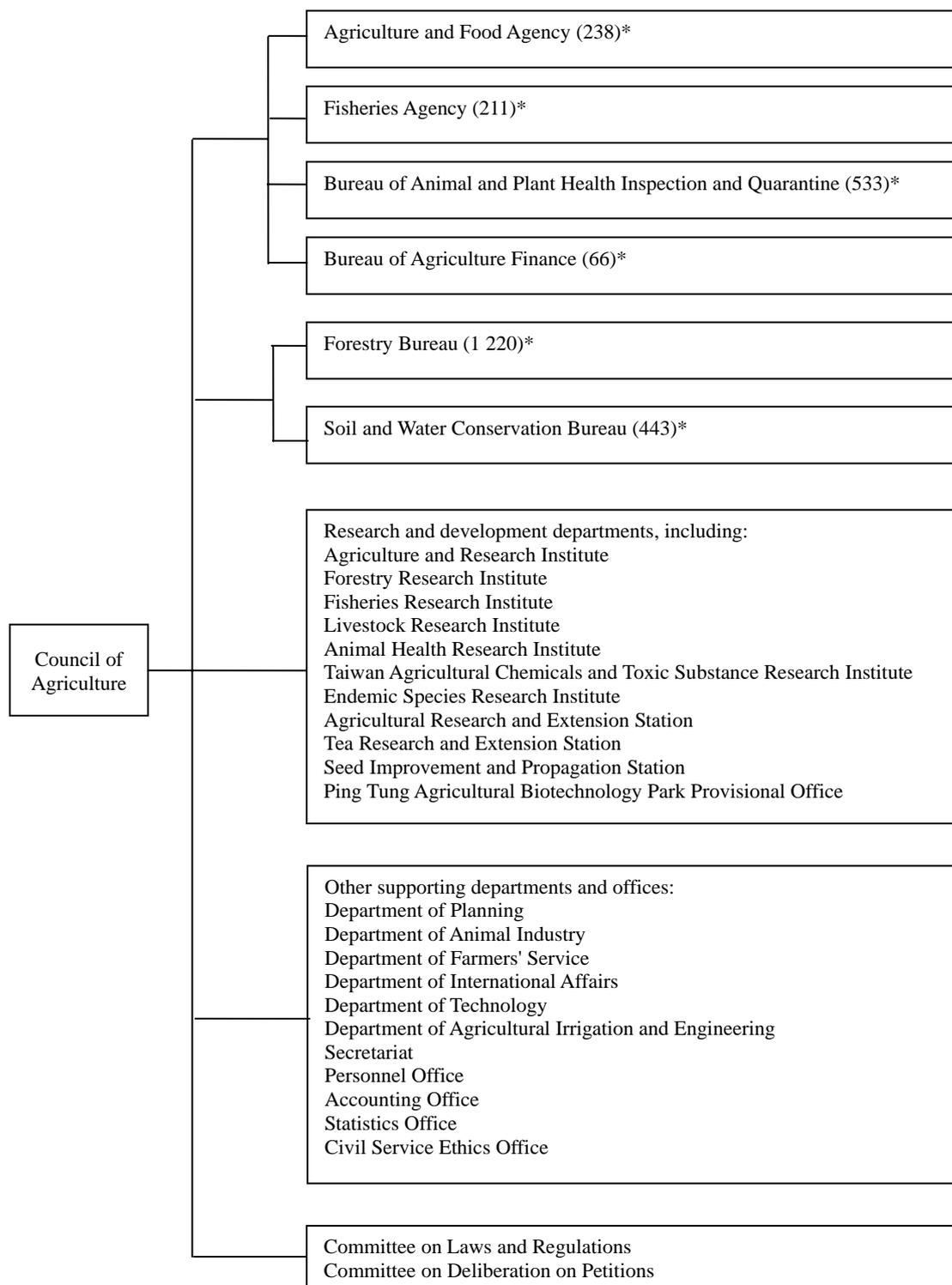
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**Appendix**

**Organizational Framework of Government Bodies relating to Agriculture and Fisheries in Taiwan**



Note: (\*) The figure in brackets denotes the number of staff in each department.  
 Source: Council of Agriculture (2005e).

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