



## SRI MARKETS IN ASIA

# TAIWAN

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## 1. Executive Summary

Taiwan has a rapidly changing economy and a growing fund industry. Amidst this change, there are always opportunities to introduce new ideas such as Socially Responsible Investment. However, the overall penetration rate of funds to investors remains relatively low. It may take time for the public to warm to this investment tool.

### RELIGIOUS & CARING GROUPS

Ethical investing in the US was principally propelled by religious movements. The churches invested in the stock market but eschewed companies involved in areas such as gambling and alcohol. If overseas experience is anything to go by, Taiwan has more than a few active religious communities that are vociferous in their opposition towards government policies and other social agendas. The number of caring professionals, such as teachers and health professionals, is also large.

### A GROWING FUND INDUSTRY

Taiwan's mutual fund industry has grown at a compound annual rate of 39.94% over the past 17 years. The government has been vigorously driving industry deregulation. As of 31 December 1999, the size of Taiwan's mutual fund industry was NT\$1.1 trillion (US\$35.5 billion). A special characteristic of the industry is that most Taiwanese people prefer subscribing to newly launched funds rather than to existing ones. There is ample room for innovative funds with new mandates to grow. However, overall fund penetration rate still remains low at 16% of the total population. Moreover, the release of government pension schemes to private management is an opportunity for introducing SRI options to staff.

### HIGH CONSCIOUSNESS ABOUT THE ENVIRONMENT AND HEIGHTENED FRUSTRATION

Pollution in Taiwan is a topical issue. Surveys show that the public is dissatisfied with their environment and demand that the government promote "Industries of the Future" for the sake of sustainable development. The island has a "misery index" that measures public discontent with their surroundings. The index is constantly high. There are also about 15 active environmental protection groups in Taiwan.