Industrial transition and development in industrial district

Nien-Hsiung Kuo,
Deputy Director General, Industrial Development Bureau, Ministry of Economic Affairs
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Outline

1. Background
2. Current progress
3. Challenges
4. Review of regeneration policy
5. Future direction of policy
1. **Background**

(1) **Current status**

- 41 industrial districts are more than 20 years old

<table>
<thead>
<tr>
<th>Time</th>
<th>Over 26 years</th>
<th>21～25</th>
<th>16～20</th>
<th>11～15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>26</td>
<td>15</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>North</td>
<td>7</td>
<td>7</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Central</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>South</td>
<td>11</td>
<td>4</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>East</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
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(2) Outlook
- Aging building
- Insufficient and obsolete public facility
- Deteriorating environment

(3) Practical issues
- Business relocation off-shore and idled factory
- Lack of business opportunity, no capability and incentive to renew
- High cost for land and renovation draw back the intention to enter old industrial district
2. Current progress

(1) Legal amendment

- **First amendment** — amendment 「promote industrial upgrade articles」 in 1999, add article 69 relevant articles on industrial regeneration
- **Land reform** — based on article 30 of promote industrial upgrade articles to integrate relevant articles for industrial district land transformation in 2001 : 「guideline for land reform in industrial district」
- **Relief of land** — 「regulation of industrial park (draft)」 simplify the category of land (industrial, residential, public facility) to enhance flexibility, also base on the category to authorize respective area ratio to meet practical demand
- **Special article to promote industrial transition** — 「regulation of industrial park (draft)」 to set up articles for industrial district renew and regeneration
(2) Achievement of land reform

- Applications of land reform by industry through land reform articles
  - 133 applicants
  - Total area 56.9 hectares
  - Total investment 12.28 billion
(3) Environmental renew and regeneration

Initiate 「Self executive environmental regeneration and renew in industrial district」 since 2003 to implement consulting projects with annual budget and relevant protocol

1. Improve environmental quality and scenic view
2. Guide environmental renew and enhance relevant mechanism
3. Utilize government resources to maximize the innovation on resources
4. Strengthen community sense and environmental concern
Self executive environmental regeneration and renew in industrial district:

<table>
<thead>
<tr>
<th>Time</th>
<th>Content</th>
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<tbody>
<tr>
<td>2003.08</td>
<td>Approved 「Self executive environmental regeneration and renew in industrial district」 project and guidelines</td>
</tr>
<tr>
<td>2005.11</td>
<td>Identify four target districts for 2006 campaign: Chu San, May Luen, Tai Chung, and Lien Hai</td>
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<tr>
<td>2006.12</td>
<td>Identify four target districts for 2007 campaign: Lien Yuan, Tou Fen, Da Yuan, and Chu San</td>
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</tbody>
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3. Challenges

- Insufficient development and manage funds
  - Operation income is lower than cost
  - 006688 project need to compensate interest gap
  - Lack funding to support regeneration campaign
Substantial endeavor in the past without integration and not recognized

- Environmental renew and regeneration of industrial district
  - pedestrian renovation
  - Green land
  - Facility replacement
- Transform windbreak forest and mangrove into eco park
- Factory transform to tourism factory
- Installation and subsidy security system (surveillance system)
- Industrial and academic collaboration to assist industrial district regeneration
4. Review of regeneration policy

(ー) Does industrial district in Taiwan need renew or regeneration?

- Renewal or redevelopment highlights the hardware and practical environmental improvement and reconstruction — **environmental renew**
- Regeneration highlights the activation of economic industrial mechanism — **industrial renew**
(2) Industrial district and industrial development are mutually inclusive
- Project oriented in the past, set up industrial district to lead industrial development
- Currently demand oriented, industrial demand set up direction for industrial district regeneration

(3) The regeneration of old industrial district require to cover cost on relocation, termination, staff relocation, transition of rights, reconstruction, pollutant process but without any incentive policy

(4) The renew or regeneration condition for each industrial district are various, need independent assessment
5. Future direction of policy

Directions for industrial district regeneration policy

- **Renew**: Hardware implementation of environmental improvement and reconstruction
- **Regeneration**: Assist industrial to activate mechanism (regeneration)

Promotion phase

- Phase I: Priority on public lands for regeneration
- Phase II: Private land focus on environmental improvement and industrial transition
（1）Short term projects

- Environmental renew
  - Enhance public land utilization
  - Facility renew: set up common broad band

- Industrial renew
  - Assist tourism factory, public sector support infrastructure and scenic improvement
  - Base on cluster nature, identify specific old district to set up pilot district for regeneration
  - Promote academic collaboration for industrial upgrade and transition

（2）Long term projects

- 「Industrial district guideline」 amendment
Public land

Low utilization or ideled

Service center

Not enough space or strong intention for renew

Industrial transition and environmental change

Promotion by public and private sector

Private sector→tourism or transformation

Public sector set up promotion committee with enterprise for renovation, environment restructure etc,
Environmental renew

1. Enhance public land utilization
   - Review the utilization of public land, transform or regeneration
   - For financial shortage, apply article 69 to reconstruct service center and use 「co-construction sharing」 to amortize the cost
2. Facility replacement

- Set up broad band to meet current demand from industry
- Budget the funding and collaborate with Construction and Planning Agency to construct public ducts in industrial district for cable sector on rental basis
- Apply 「Optical cable to household」 to upgrade basic facility and service quality
Assist transition（regeneration）

1. tourism promotion—assist tourism factory, improve scenic and infrastructure by public sector
   - I-tai in Dawuluen industrial district—「bathroom museum」
   - Chushihdin in Tuchen industrial district—「nougat museum」
   - Chishen in Maeluen industrial district—「stone dream workshop」
Base on cluster nature, identify specific old district to set up pilot district for regeneration

Cluster distribution

- North
  - High tech
  - Regeneration pilot plan
- Central
  - Machine tools
- South
  - Steel industry

Regeneration and renew

Nankung software park

Academic collaboration

Hardware renew

Software support
Nan Kung software park

From fertilizer to software park – paradigm for industrial regeneration
Performance of Nan kung software park

Used to be the factory for Taiwan fertilizer Co.

Area:
- Phase I have 4.03 hectares, total floor area is 58,182 pings
- Phase II have 4.17 hectares, total floor area is 76,394 pings

Industry: software, IC design and biotech

Performance:
- Stationed more than 250 companies including multinational companies such as Sony, Philip, Siemens
- Bring out infrastructures; Century Development Corporation collaborate with Taipei city government to develop Phase III of Nan Kung software park occupy 4,600 ping and expected to release 40,000 ping with 80% already rented currently
2. Promote academic collaboration for industrial upgrade and transition

- Currently School is the contact window for academic collaboration, lack integration mechanism for industrial demand; lack circulation of information.
- IDB initiated special project since 2007 to provide local service from service center in each district, identify internal demand and assist academic collaboration.
Demand media mechanism

Policy guideline and resources

Demand and capacity

Demand proposal

set up policy, identify incentive and resources

Global company

ICP

Industrial association

Industrial park

Global company

Research entity

academic

Demand media mechanism

Resource

content

Project database

Collaboration database

Information service

Industry academic collaboration project

IDB

MOEA

MOE

NSC

Institute of national lab

Capacity support

Demand supply

business
「Industrial district guideline amendment」

「Industrial upgrade articles」 is going to expire soon, it will be replaced by 「Industrial park regulation articles」

Articles statement: initiate renew and regeneration for a sustainable utilization of land and resources to strengthen competency and development in the industrial park

**Target and coverage for renew and regeneration**: land reform, reconstruction of building and public facility, industrial transition and upgrade, or other applications authorized by central government

Renew and regeneration application protocol, land ownership, construction regulation should be regulated in detail separately
Incentive for civil engagement: area incentive, area transfer

In order to smooth the project and release the financial burden of project manager, proposed medium and long term fund from Executive Yuan and Management fund for park development; to provide reasonable and necessary Loan for applicants.

Regeneration within the proximity of urban development can apply urban development fund from local government for relevant subsidy.

Other governmental support including technical consultant, R&D funding, academic collaboration service, funding for public facility improvement etc. for industrial transition and upgrade.
Closing Remarks

Renew is not success yet, We still need to work hard!