

Challenge 2008: National Development Plan

Doubling Tourist Arrivals Plan

Progress Report

Responsible Authority: Ministry of Transportation and Communications

Associated Authorities: Government Information Office, Ministry of the Interior, Ministry of Economic Affairs, Ministry of Finance, Council of Agriculture, National Council for Physical Fitness and Sports, Council for Cultural Affairs, National Palace Museum

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Table of Contents

I.	Plan Overview	2
II.	Overall Performance	4
1.	Record Breaking Numbers of Visitors to Taiwan.....	4
2.	Enhancing Taiwan's Reputation for Tourism	4
3.	Tourism Revenues Growing Steadily	5
4.	Excellent International Ranking for Competitiveness of Tourism Industry.....	6
5.	Packaged Tourism Routes Successfully Revamped	6
6.	A High Quality and Friendly Travel Environment is Beginning to Take Shape	8
7.	Accommodation Quantity and Quality Increasing Year by Year	9
8.	Strong Private Investor Interest in Tourism.....	9
III.	Key Sub-Plan Accomplishments	11
1.	Packaged Tour Routes and Destinations Revamped	11
2.	Stimulated the Development of the Tourism Industry by Attracting Over NT\$50 Billion in Private Sector Investments	20
3.	Inspire New Travel Trends by Developing New Topical Destinations	25
4.	Set Up Tourism and Travel Service Network For User-Friendly Travel Services ..	34
5.	Using Creative Marketing to Expand the International Market	37
IV.	Innovations	41
1.	Organizing of "Working Groups" and "Industry Alliances" for Tour Routes	41
2.	Minimizing Construction, Beautifying he Environment	46
3.	Creative International Marketing Techniques.....	47
4.	Construction of Bike Paths in the Greater Taipei Region	51
5.	Construction of the National Nature Trail System	52
V.	Future Direction	53

I. Plan Overview

Taiwan has great potential when it comes to tourism due to the wealth of cultural and natural resources it enjoys thanks to its unique geography. By developing tourism, it should be possible to unite the Taiwanese population so that "tourism is embraced by all and Taiwan is seen by the world" and one day, Taiwan can become a "new Shangri-la of peace and prosperity". By setting a target of doubling the number of international tourists, this will allow resources to be focused on developing Taiwan's tourism infrastructure to world-class standards. Not only will this attract foreign visitors to Taiwan but also encourage the Taiwanese people to enjoy domestic travel as well. The goal for 2008 was therefore to double the number of people visiting Taiwan for "Tourism" (i.e. "tourists") to 2 million and break the 5 million mark for the total number of visitors.

The Doubling Tourist Arrivals Plan was based on the "Business Management" model, "Customer-Oriented" approach, the "Packaged Tours" framework and the "Target Management" method to focus efforts and resources on effective integration and promotion. The main promotional strategies were:

1. **Revamp existing packaged tour routes:** Taiwan had five major international tourist routes: North Coast, Alishan, Sun Moon Lake, Hengchun Peninsula and Hualien-Taitung. Priority would be given to these routes
2. **Developing emerging packaged tour routes and destinations with international tourism potential:** Build new high-quality and world-class tourist destinations. This would serve to balance regional tourism development and offer international tourists with new places to visit.
3. **Provide Total Tourism and Travel Services:** This included setting up travel information networks, promoting and counseling value hotels as well as establishing a Taiwan tourism bus system and round-island tourism train service. This would build consensus between private operators and government agencies on the need to adopt a "tourism embraced by all" attitude in working together to build a high-quality travel environment in Taiwan. The result would be high-quality, safe and thoughtful travel services for travelers.
4. **Boost Efforts to Promote International Tourism:** Use the "Target Management" method to develop tourism products tailored to the target

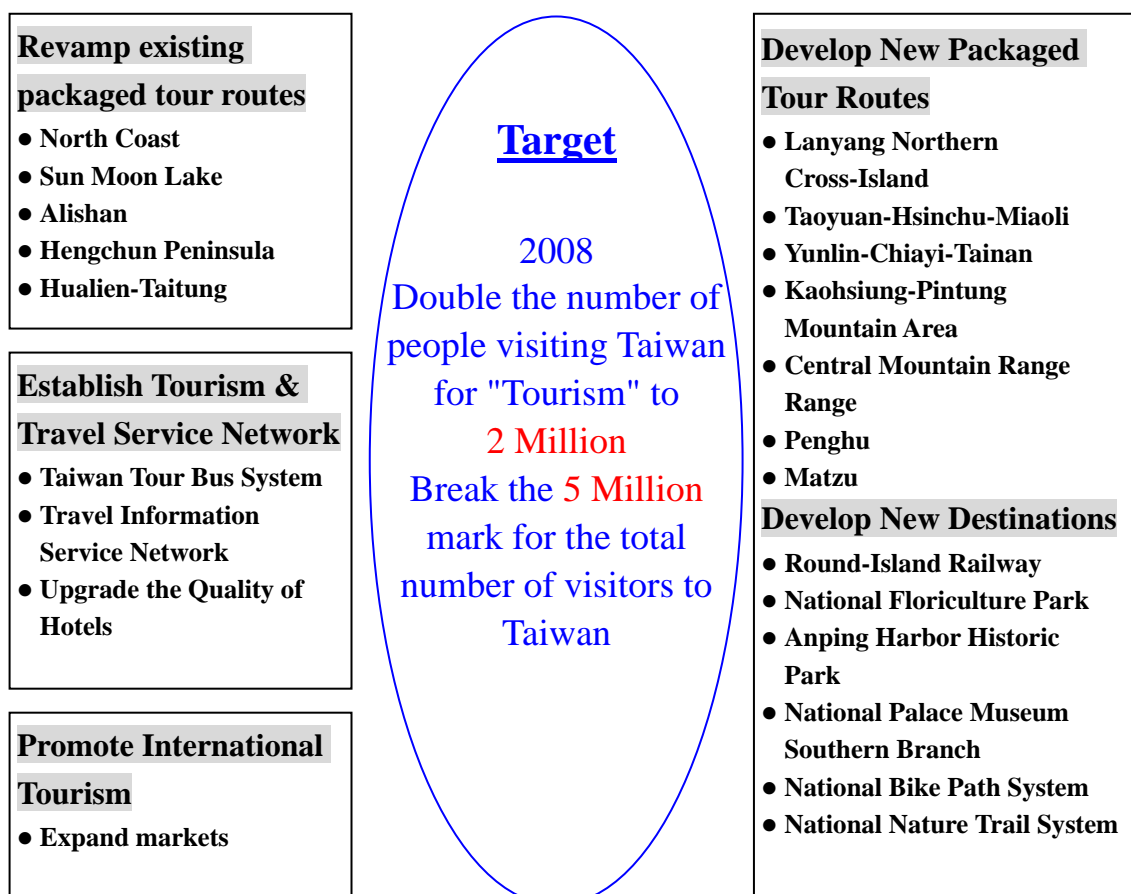
customer market. By coordinating the overseas resources of all government agencies, a new image for Taiwan tourism would be marketed throughout the world. The year 2004 was also made the "Year of Taiwan Tourism" to increase the international visibility of Taiwan.

5. **Develop the convention and exhibition industry:** Build and upgrade international convention facilities and offer incentives to encourage the cultivation of convention and exhibition expertise. (Note: This component was deleted as it was merged into the “**Convention and**

Exhibition Service Industry Development Plan 會議展覽服務業發展計畫” being carried out by the Ministry of Economic Affairs after the 2005

rolling review)

Doubling Tourist Arrivals Plan Framework



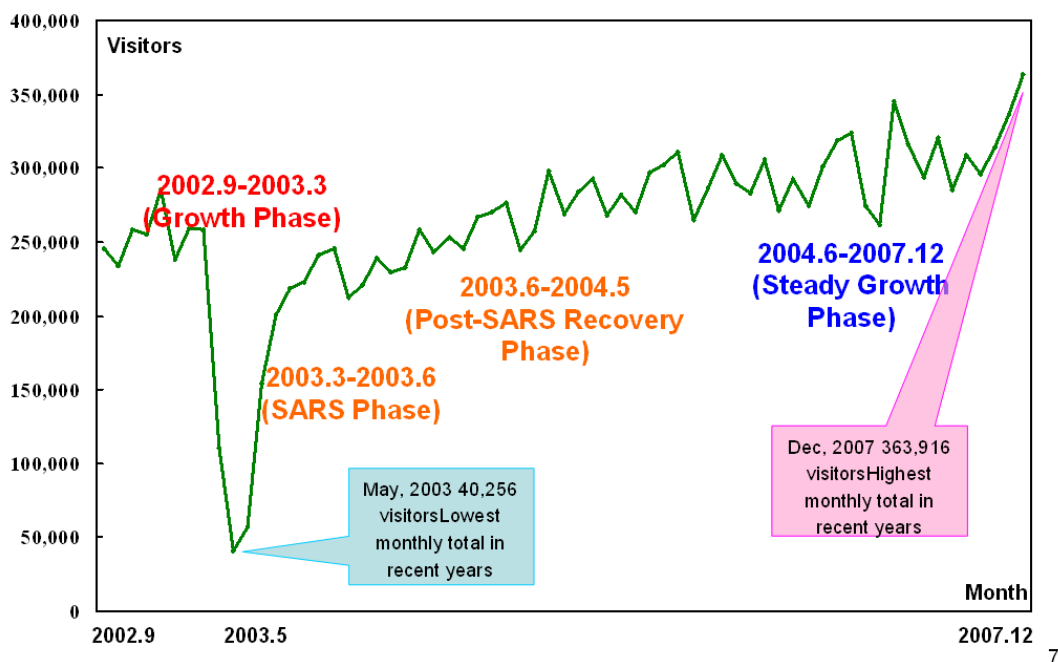
II. Overall Performance

1. Record Breaking Numbers of Visitors to Taiwan

In 2007 there was a total of 3,716,100 visitors to Taiwan. This translates to 41.83% growth over the 2,620,000 visitors to Taiwan in the year before the plan was put into action (2000). Apart from the negative growth in 2003 due to the impact of SARS, visitor numbers have grown steadily every year and in December 2007 a new record was set with 363,900 visitors in one month.

Trends in the number of visitors to Taiwan after launching the Doubling Tourist Arrivals Plan

The market for visitors to Taiwan grew from 2,620,000 in 2000 to 3,716,100 in 2007 (41.83% increase)

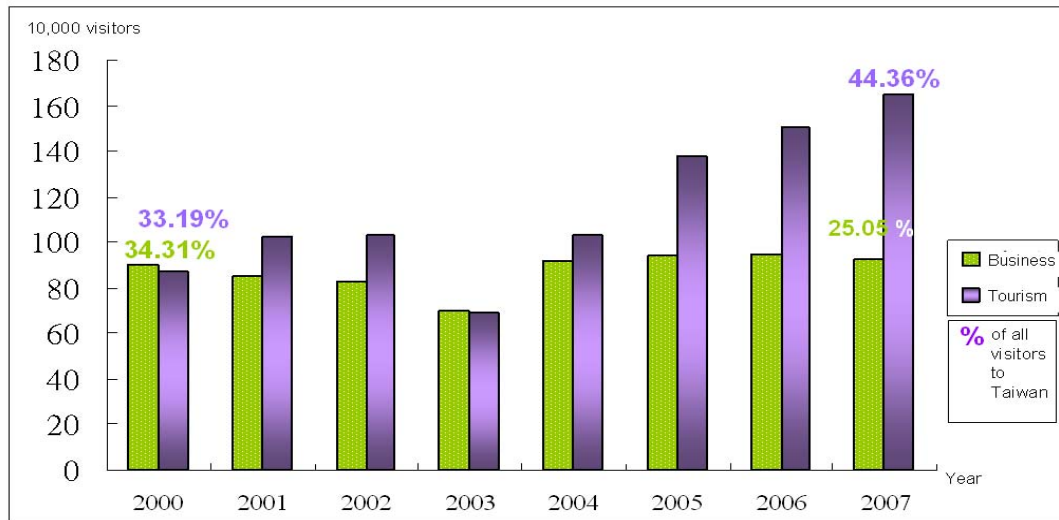


2. Enhancing Taiwan's Reputation for Tourism

In 2007 the number of people visiting Taiwan for "tourism" reached 1,648,500, an increase of 89.48% on the 870,000 visitors from the year before the plan was put into action (2000). Their share of all visitors to Taiwan grew from 33.19% to 44.36% as well, demonstrating that Taiwan's effort to market itself as a tourism destination to overseas visitors is showing dividends.

"Tourism" vs. "Business" Visitor Statistics

The number of people visiting Taiwan for "Tourism" grew from 870,000 in 2000 to 1,648,500 in 2007 (89.48% growth)



The proportion of visitors traveling to Taiwan for tourism in 2000 was 33.19%. This was smaller than the number visiting Taiwan on business (34.31%). In 2007 this number grew to 44.36%, a significant increase compared to the number visiting Taiwan on business (25.05%).

8

3. Tourism Revenues Growing Steadily

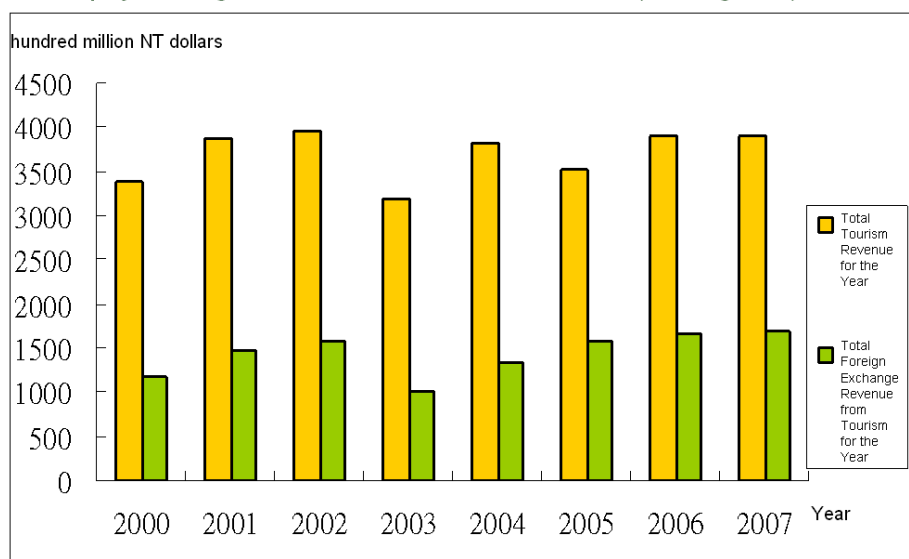
Total revenues from tourism grew from NT\$3,379 hundred million to NT\$3,894 hundred million in 2006 (15.24% growth). In 2007 tourism revenue is expected to reach NT\$3,903 hundred million (15.51% growth).

Foreign exchange revenues from tourism grew from NT\$1,168 hundred million to NT\$1,651 hundred million in 2006 (41.35% growth). In 2007 tourism revenue is expected to reach NT\$1,686 hundred million (44.35% growth).

Tourism Revenue Statistics

Tourism revenue in 2000 was NT\$3,379 hundred million.

This is projected to grow to NT\$3,903 hundred million in 2007 (15.51% growth)



4. Excellent International Ranking for

Competitiveness of Tourism Industry

On October 31 2007 the World Economic Forum (WEF) published its report on the competitiveness of the travel and tourism sector. Drawing on annual reports and survey statistics published by governments in 124 countries as well as the World Bank, the World Trade Organization (WTO), the United Nations World Tourism Organization (UNWTO), the International Monetary Fund (IMF) and the International Air Transport Association (IATA), the WEF looked at 3 categories and 16 sub-categories, then rated the competitiveness of the travel and tourism (T&T) sector in 124 countries or regions using 7 equidistant performance indicators.

In Asia, Hong Kong, Singapore, and Japan were rated 1st, 2nd and 3rd. Taiwan came in 4th and was rated 30th in the world with a total score of 4.82. For the three component indices, Taiwan was placed 45th in regulatory framework with a score of 4.73, 28th in business environment and infrastructure with a score of 4.43 and 23rd in human, cultural and natural resources with a score of 5.32. This put Taiwan squarely in the top quarter percentile of the world.

5. Packaged Tourism Routes Successfully

Revamped

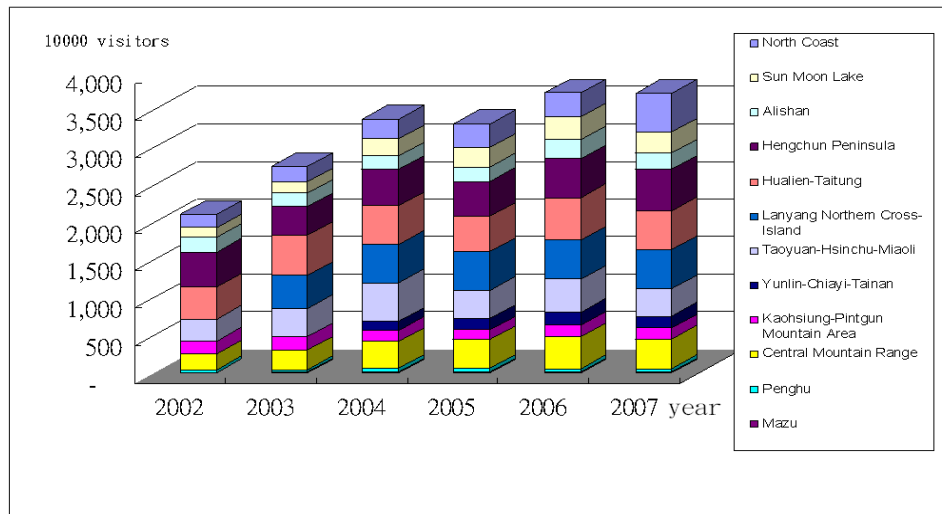
1. Guided by the principles of "minimum construction, environment first, international stand, tourist access), private/public sector resources and budgets for 13 packaged tour routes were combined together. Regular meetings of "working groups" and "industry alliances" were also set up.
2. Retained experts and academics to serve as project supervisors and landscape consultants. Their role was to supervise and support the activities of the industry alliances and working groups for each tour route and set quality standards.
3. Completed infrastructure for key tourist destinations: Completed facilities at 410 key destinations. Cleaned up and

beautified 194 unused spaces.

4. Revamped road landscaping and signage system: Complete 15 underground utility conversion projects, 67 road widening/landscaping improvement projects and 1,640 illegal building demolition cases. A total of 2,855 bilingual signs were also set up along travel routes and at scenic sights.
5. Provide friendly travel services: Built 19 new travel information centers and upgraded travel guide facilities at 42 travel information centers.
6. Develop a user-friendly travel environment: Overhauled or established 166 car parks (around 4,176 parking spaces) and built 367 high-quality public toilets.
7. Improvement of waterside recreational facilities: Upgraded facilities at 16 tourist fishing harbors and piers.
8. Construction of nature trails and bike path system: Established 17 nature trails (with a total length of around 188km) and 27 bike paths (with a total length of around 150km).
9. Urban and rural makeover: Improved the appearance of 27 population centers and the surrounding environment.
10. Increased the number of packaged tour visitors and tourism output: Number of tourists grew by 76.14% (from 21.16 million in 2002 to 37.27 million in 2007, generating tourism output of around NT\$74.5 Billion.

Packaged Tour Route Tourist Volume Statistics

The number of packaged tour route tourists grew from 21.16 million in 2002 to 37.27 million in 2007 (76.14% growth)



6. A High Quality and Friendly Travel

Environment is Beginning to Take Shape

1. Development of the Taiwan Tour Bus system: Helped operators set up services under a common Taiwan Tour Bus brand in northern, central, southern Taiwan as well as the offshore islands (Penghu) to key destinations. These have a unified standard of quality and offer foreign language services.
2. Completed a unified corporate identity system (CIS) for travel information centers: The unified CIS helps tourists to quickly find the travel information center offering foreign language pamphlets and travel information services.
3. Installation of tourist map signs: Tourist map signs (street maps) were set up in areas frequented by overseas visitors to provide them with easy access to navigation information.
4. Commissioned "Call Center": A 24-hour toll-free travel information hotline now available on 0800-011-765.



Travel Information Center CIS



Taiwan Tour Bus CIS

7. Accommodation Quantity and Quality

Increasing Year by Year

1. The occupancy rates for domestic tourism hotels have grown from 61.30% in 2002 to 72.24% in 2007, an increase of 17.85%.
2. Bed & breakfast (B&B) operators were provided with assistance for becoming legitimate businesses. In March 2003 there were 65 B&B operators (280 rooms) and by 2007 this had increased to 2,301 B&B operators (9,192 rooms).
3. Provided assistance to 444 hotels (25,243 guest suites) on how to improve their quality of service. Under the "Plan to Upgrade the Safety, Quietness and Cleanliness of General Tourist Hotels" set up for this purpose, 96 hotels with a total of 5,014 guest suites have since been certified as meeting the standards for "Safety, Quietness and Cleanliness".

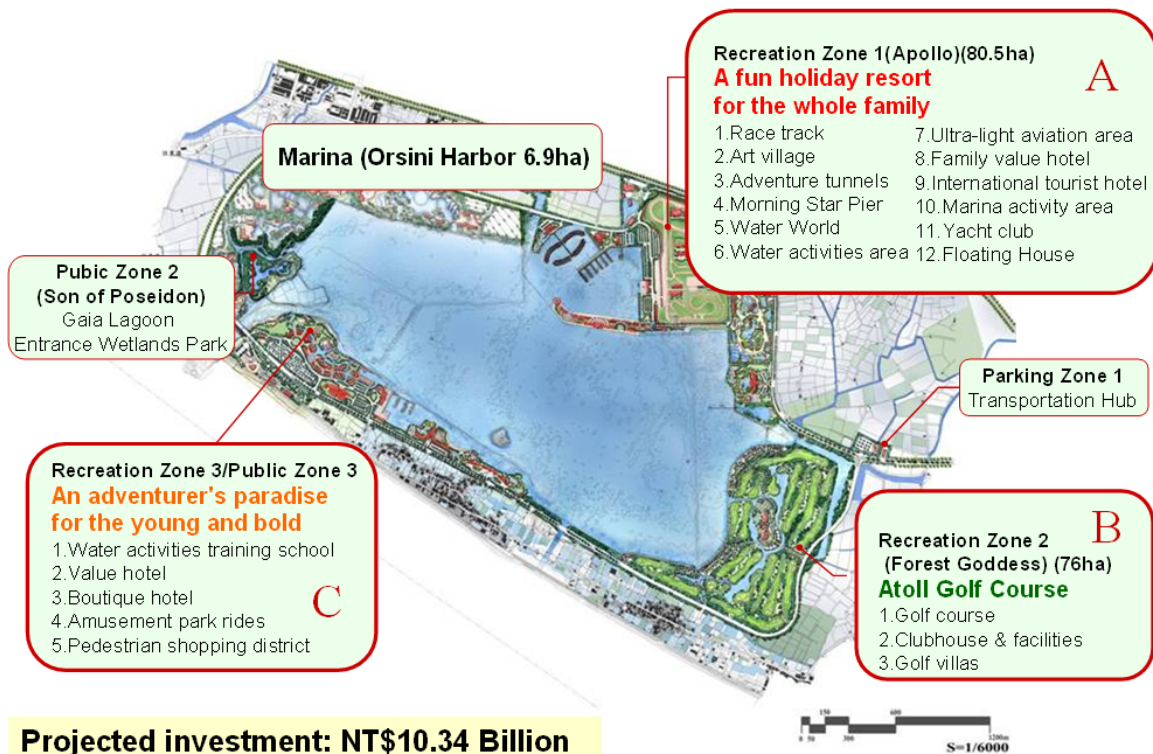


8. Strong Private Investor Interest in Tourism

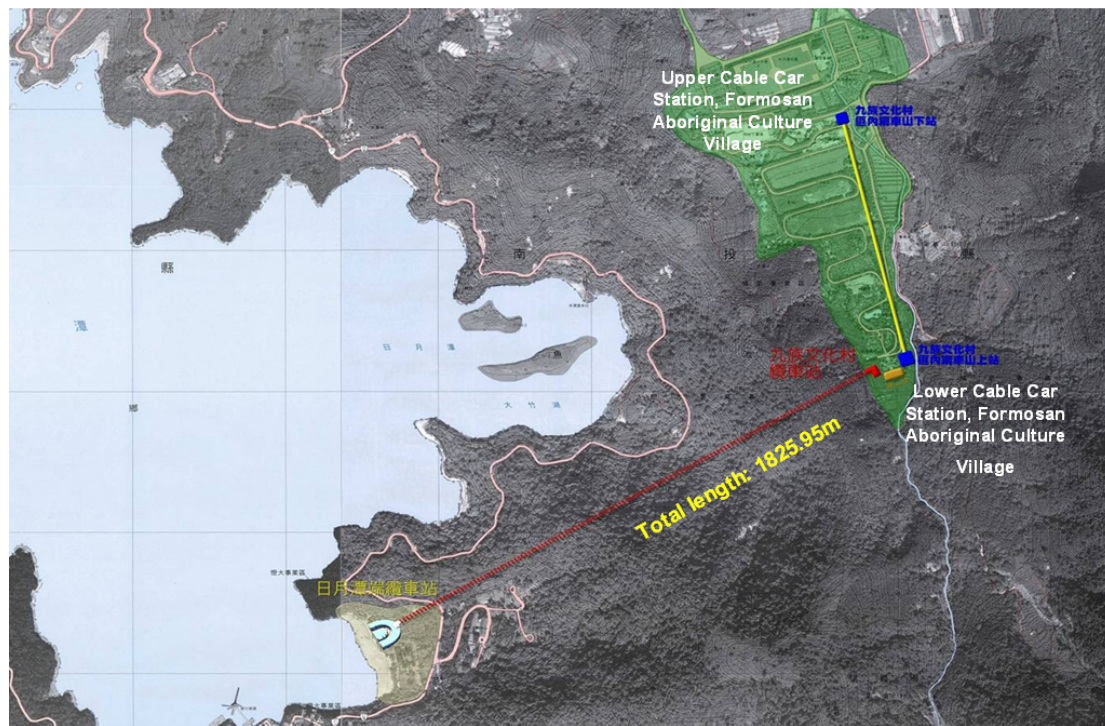
The private sector has responded positively to the government's efforts to develop the tourism industry. Since 2004 most projects

based on encouraging private investment in tourism development have been successful in attracting investors and to date over NT\$50 billion in private equity have been invested in the tourism industry. Key projects include the Dapeng Bay BOT project (the largest at NT\$10.3 Billion), the Fulong Beach Resort ROT+BOT Project as well as the Sun Moon Lake-Formosan Aboriginal Culture Village Cable Car System BOO Project, the first to be initiated by the private sector.

Dapeng Bay BOT Development Plan



Sun Moon Lake – Formosan Aboriginal Culture Village Cable Car System



III. Key Sub-Plan Accomplishments

1. Packaged Tour Routes and Destinations

Revamped

Guided by the principles of "customer-oriented, environment first, minimum construction", five existing packaged tour routes (North Coast, Sun Moon Lake, Alishan, Hengchun Peninsula, Hualien-Taitung) and 7 new packaged tour routes (Lanyang Northern Cross-Island, Taoyuan-Hsinchu-Miaoli, Yunlin-Chiayi-Tainan, Kaohsiung-Pingtung Mountain Area, Central Mountain Range, Penghu and Offshore Islands, Matsu and Offshore Islands) were revamped to provide a world-class travel experience.

1. Completed infrastructure for key tourist destinations:

- (1) **Revamping of existing packaged tour routes:** Successfully upgraded to world-class standards key tourist destinations along the following existing packaged tour routes: North Coast (Yeliou, Jinshan-Jhongjiao, Baisha Bay, Greater Fulong, Dasi Honeymoon Bay, Wai-ao, Gueishan Island), Sun Moon Lake and

surrounding area, Alishan (Forest Recreation Area, No. 18 Taiwan Highway, Shihjhuo and Fengci Lake region, Aboriginal Areas, Northwest Corridor), the Hengchun Peninsula (Dapeng Bay, Kending, Siaoliouciou), Hualien-Taitung (Green Island, Liyu Lake, Hongye Hot Spring, Luye Terrace, Sixty Stones Mountain).

North Coast Tour Route

Vision: Creation of the Crown Beach and coastal resort district.

Accomplishments: Developed key attractions at Fulong, Wai-ao, Gueishan Island, Guanyin Mountain, Baisha Bay, Jinshan and Wanli to create the Crown Coast and coastal resort district.



Night-time landscaping at Fulong



Wai-ao beach recreation area



Eco-facilities on Gueishan



Guanyin Mountain (Niougangling Trail)



Sanjhih's Gallery of Famous Sons



Parasailing at Emerald Bay

Sun Moon Lake Tour Route

Vision: Transform into a lakeside resort for the new century

Accomplishments: Completed entry motifs for Sun Moon Lake's northern and southern entrances, lakeside attractions, wharf landscaping and service facilities to create a world-class holiday resort ambience.



Northern entrance motif



Improvements to the surroundings at Shuishe Wharf



Checheng Timber Industry Museum



Southern entrance motif



Wooden walkway from Shuishe Wharf to Caowu Wharf



Checheng Floating Teahouse

Alishan Tour Route

Vision: To create a popular tourist attraction based on tribal culture where the beauty of the sunrise, cloud sea and wilderness can be experienced.

Accomplishments: Completed the tourist infrastructure for the Tsou tribal district; established eco-park, industry experience area and trail system. Revived the high mountain railway culture and traditional Tsou aboriginal ambience.



The Tsou tribal "Life Bean" festival site



Tsou Culture Park



Yawumasi Trail at Leye



Danayi Valley performing hall at Sanmei



The Titanic at Laiji



Fengci Lake Cultural Gallery



Yuantan's Eco-park



Shihpan Suspension Bridge at Fongshan

Hengchun Peninsula Tour Route

Vision: To create a tropical holiday resort

Accomplishments: Completed the wetlands park, Dapeng Bay aquaculture pumping facilities, Oyster Shell Island floating platform; built facilities at tourist destinations such the Cingjhou recreation area, Liouciou and Shihjhong River hot springs, made improvements to the surroundings of Old Hengchun Town.



Hengchun Farm Wetlands Park



Oyster Shell Island floating platform



Cingjhou recreation area



Refurbishment of the
Niaoguei Cave



Liouciou Camping Area service
center



Old Hengchun Town



Shihjhong River hot spring
facilities

Hualien-Taitung Tour Route

Vision: Create a multi-purpose international resort district

Accomplishments: Completed the rafting terminals on the northern and southern banks of the Siouguluan River; Water Flows Uphill; the Fonglin, Luye Terrace, Antong and Sixty Stones Mountain recreation areas; improved the access roads for the Rueisuei and Hongye hot spring districts, built access roads to the Sansiantai hotel district, landscaping of the Jialulan coastline.



Water Flows Uphill recreation area



Grass fields at Jialulan



Green Island eco-education center



Landscaping of Liyu Lake's north wharf



Parasailing at the Luye Terrace



Sixty Stones Mountain

- (2) **Developed new packaged tour routes:** Stimulated the development of key tourist destinations along the following new packaged tour routes towards world-class standards: Lanyang North Cross-Island (Shihmen Reservoir Scenic Area, Dongshan River, Pinglin Old Street, Wulia Hot Spring, Su-ao Cold Spring, Jiaosi Hot Spring), Taoyuan-Hsinchu-Miaoli (Shihtou Mountain, Nanjhuang Scenic Area), Central Range Mountain (Lishan Scenic Area, Baguashan Scenic Area). Yunlin-Chiayi-Tainan (Sicao Wildlife Reserve, Cigu Black-Faced Spoonbill Reserve, Cigu Salt Mountain, Budai Salt Mountain, Beimen Salt Fields, Wushantou Scenic Area, Guanzihling Scenic Area's Siraya Life Experience Park Entrance, the surroundings of the Pingpu Cultural Museum at Yejichang, the Bai River Green Tunnel, the surroundings of Nankunshen), Kaohsiung-Pingtung Mountain Area (**Saijia Aviation Park 賽嘉航空園區**, Sandimen's Wutai Recreation Area, Sinwei Forest Park), Penghu Island (Tongliang Old Banyan Tree, Cross-Sea Bridge Recreation Area, Siaomen Geological Museum, Hujing, Tongpan Geology Park, Jibei's Shihwei Landscape, Magong Eco-Park, Wang-an's Green Turtle Tourism and Conservation Center), Matsu Islands (War and Peace Memorial park, Banli-Wusha Recreation Area, Beihai Recreation Area, Mazu Religious Park).
- (3) For the two sub-plans, a total of 410 infrastructure developments were completed at key destinations and 194 unused spaces beautified to create new scenic sights.
- 2. Set up travel information service network:** Built 19 new tourist centers and upgraded information services at 42 tourist centers to provide tourists with improved access. These included: Guanyin Mountain, Jinshan, Baishawan, Sanjhih, Yeliou, Keelung, Longdong, Fulong, Dali, Wai-ao, Wushihgang, Sanjhih's Gallery of Famous Sons, the Sun Moon Lake Tourist Center, the Alishan Administration HQ travel information station, Rueitai Tourist Center, Dapeng Bay Administration and Tourist Center, Green Island Eco Center, Siaoyeliou Tourist Center, Luye Administration, Luoshan Administration, Shihtou Mountain, Lishan, Bagua Mountain, Songboling, Guanzihling, Budai Yacht Harbor, Beimen

Administrative offices, Maolin's **Majia Culture Center 瑪家文物中心**, Penghu's Yuwong Island and Citou as well as Mazu's Nangang, Beigang, Dongyin and Jyuguang.



Sanjhih Visitor Center



Guanyin Mountain Visitor Center's exhibition gallery



Shuishhe Visitor Center



Rueitai Visitor Center



Shihshan Visitor Center



Luye Visitor Center



Dapeng Bay Visitor Center



Wai-ao Visitor Center



Majia Visitor Center

- 3. Improved roadside landscaping and signage:** Completed underground utility conversion projects along 15 roads including the No. 12, No. 11, No. 18 Taiwan Highways, the widening/landscaping of 67 access roads to important destinations, and demolished 1640 illegal buildings. 2,855 user-friendly bilingual signs were placed along travel routes and at destinations to provide tourists with a safe, clearly indicated and scenic road system.



- 4. Created a more user-friendly travel environment:** Overhauled or built 166 car parks (around 4176 parking spaces) and set up 367 high-quality public toilets.



- 5. Urban and rural beautification:** Local beautification projects were executed at 27 population centers including Danshui, Fulong, Nanya, Longdong, Jinshan, Yeliou, the Shuishe and Thao districts, Shihjhuo, Donggang, Old Henchun Town, Chenggong, Hegang, Pinglin Old Street, the Lala Mountain region, Longtan, Dahan River and Penghu's Erkan settlement.



- 6. Set up bike path and nature trail systems:** Established 27 bike paths (with a total length of 150km), including bike paths at Sanjhih, from Wanli to Jinshan, Sun Moon Lake, Okinawa, Dapeng Bay and Chihshang as well as the Liyu Lake Bike Path, the Shihmen Reservoir Bike Path, the Changcin Bike Path and the Ershuei Bike Path Circuit. A total of 17 nature trails were also constructed, including the Sun Moon Lake circuit, Alishan's Fengci Lake, Rueifong and Rueili, East Coast's Jialulan Trail, the Taoyuan Trail and Tiaoshui Historic Trail (with a total length of around 188km).



Wanli-Jinshan Bike Path



Chihshang Bike Path



Dapeng Bay Bike Path



**Rueili's Ginger Lily
River Trail**



Rueifong-Jhukeng Trail



Jialulan Trail

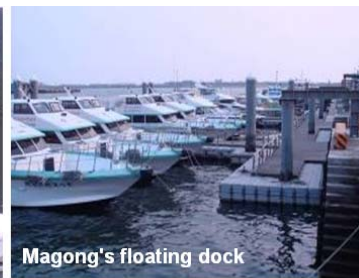
7. Improved 16 waterside recreational facilities: Upgraded the facilities at 16 tourist fishing harbors or piers including the Danshui Fisherman's Wharf, 4 wharves at Sun Moon Lake and the facilities on the northern/southern banks of the Siouguluan River at the end of the rafting route.



**Landscaping
improvements to the
surroundings at
Dehua Wharf**



**Upgrading of water
recreation facilities at
Liyu Lake**



**Upgrading of wharf
facilities in Penghu**

2. Stimulated the Development of the Tourism Industry by Attracting Over NT\$50 Billion in Private Sector Investments

The private sector has responded positively to the government's efforts to develop the tourism industry. Since 2004 most projects designed to encourage private sector participation in the development of tourism infrastructure have been successful in attracting investors and over NT\$50 billion has been invested so far.

There has been 13 large-scale investment projects involving over NT\$19.1 Billion: the Dapeng Bay BOT Project (NT\$10.3 Billion), the Fulong Beach Hotel Resort ROT+BOT Project (NT\$700 Million), the Yeliou Geological Park (NT\$35 Million, the first project to combine eco-education, environmental education and guided tour services), the Sun-Moon Lake - Formosan Aboriginal Culture Village Cable Car System (NT\$720 Million, the first privately planned project), the Alishan Forest Recreation Three-in-one BOT Project (NT\$1.829 Billion), the "Yuwong Island Resort" BOT+ROT Project (NT\$1.2 Billion, the first international 5-star tourist hotel in Penghu), Jibei Resort Hotel and Recreation Area BOT Project (NT\$48 Million), the Hualien-Taitung Fonglin Recreation Area Development and Operation BOT+ROT Project (NT\$120 Million), the Linrong Recreation Refurbishment and Operation Project (NT\$10 Million), the Liyu Lake Camping Area Operation OT+ROT Project (NT\$37.5 Million), the Fonglin Recreation Resort BOT Project (NT\$2.7 Billion), the Taipei Mirama Hotel BOT Project (NT\$700 Million) and the Taipei Nanhai Value Hotel Project (NT\$700 Million).

Independent private-sector investments in tourism/recreation and accommodation facilities have led to 6 investment projects in the Sun Moon Lake region (e.g. Hotel del Lago, the Fenisia Hotel and the Sun Moon Lake Hotel. The total value of investments was estimated at NT\$4.55 billion) and 14 investment projects in the Hualien-Taitung region (e.g. Farglory Ocean Park, the Promised Land Resort and Lagoon and the Luminous Hot Spring Resort and Spa. The total value of investments was estimated at NT\$26.8 billion). Over NT\$31.35 billion in private capital have so far been invested in the tourism industry.

The current status of major investment projects are as follows:

(1) North Coast Travel Route

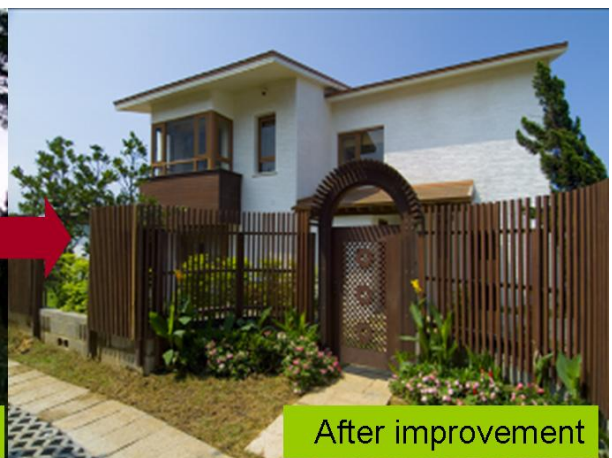
1. Yeliou Geological Park (OT)

Contract signed on October 26 2006, commenced operations on January 1 2007, management contract to run for 10 years and a total of NT\$35 million was invested.



2. Fulong Hotel Accommodation Facilities (ROT+BOT)

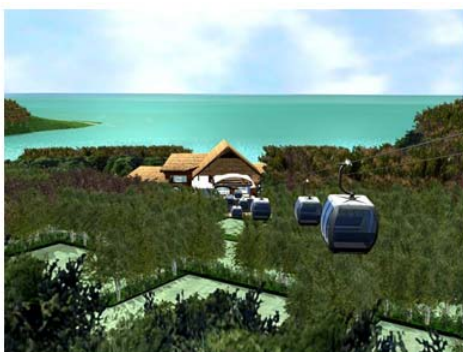
The "Private Sector Participation in the Fulong Beach Hotel Resort Development and Operation Project (ROT+BOT)" contract was signed on March 31, 2005, with a total of around NT\$700 million to be invested. Phase 1 (ROT) was completed in June 2006 and was officially opened on October 1 as the "Fulong Bellevue Resort". Phase 2 (BOT) is currently going through the environmental impact review process. Over 100 new guest suites and their associated facilities are expected to be completed by the end of March, 2010. Upon completion these should generate 120 employment opportunities a year.



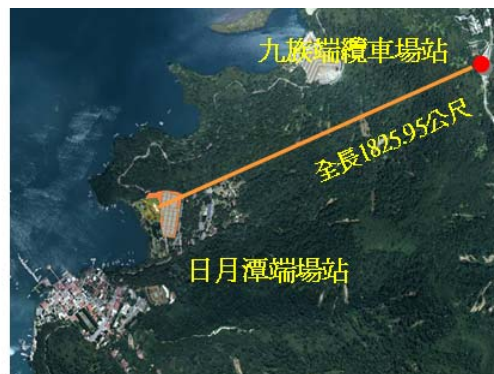


(2) Sun Moon Lake Travel Route

1. **"Private Self-Planned Participation in the Construction and Operation of the Sun Moon Lake – Formosan Aboriginal Culture Village Cable Car System"** will involve investment of NT\$720 billion. Construction will begin in 2008 and services are to begin in 2009.
2. **Encouraging Private Investment in New Accommodation Facilities after the September 21 Earthquake:** New hotels built include: the Hotel del Lago (NT\$350 Million), the Einhan Resort (NT\$150 Million), the Mirama Hotel (NT\$2.2 Billion), the Sun Moon Lake Hotel (NT\$1 Billion), the Kowloon Hotel (NT\$100 Million) and the Lakesavor Hot Spring Hotel (NT\$750 Million). The total value of investments is estimated at NT\$4.55 Billion.



Computer simulation of cable cars
arriving at Sun Moon Lake



(3) Alishan Tour Route

1. **Alishan House Expansion and Improvement Project:** The renovation of 39 suites in the old building was completed in August 2004. Construction on the new wing commenced on March 2007.
2. **Private Investment and Operation of the Alishan Forest Railway and Alishan Forest Recreation Area Project** (Alishan Forest Recreation Area Three-in-One BOT Project): The construction and operation contract with the most favored tender was signed on June 19 2006 with NT\$1.829 Billion to be invested. Currently geological surveys and environmental impact assessments are being carried out in accordance with the contract.



Alishan House

(4) Hengchun Peninsula Travel Route

The "Private Participation in the Construction of the Dapeng Bay National Scenic Area BOT Project" contract for the investment of NT\$720 million was signed in 2004. Currently NT\$10.3 billion is planned for the project. When the environmental impact review is approved in January 2008, private-sector managed development will commence.



Dapeng Bay BOT Concept Drawing



Dapeng Bay Project construction

(5) Hualien-Taitung Travel Route

Completed the Private Participation in the Refurbishment and Operation of the Linrong Recreation Area Refurbishment ROT Project, the Private Participation in the Operation of the Chihshang Recreation Area OT Project and the Private Participation in the Construction and Operation of the Fonglin Recreation Area BOT+ROT Project with the total value of investments amounting to NT\$138 million. A total of 26 other private-participation and private self-planned investments projects are currently being processed, with the total value of investment amounting to NT\$62.755 Billion.



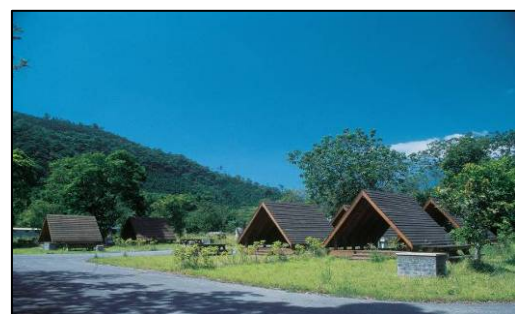
Linrong Recreation Area
(opened in April, 2007)



Chihshang Recreation Area
(expected to open in March, 2008)



Fonglin Recreation Area
(contract signed in October 2007,
expected to open in 2009)



Liyu Lake Camping Area
(contract to be signed in October, 2008)

(6) Penghu and Offshore Islands Tour Route

The most important projects are the "Yuwong Island Recreation Resort" BOT+ROT Project (NT\$12 billion) for building the first 5-star international tourist hotel in Penghu and the Jibei Resort Hotel and Recreation Area BOT Project (NT\$48 million) with a total value of investments amounting to NT\$1.248 billion.



3. Inspire New Travel Trends by Developing New Topical Destinations

By moving forward with the development of new attractions such as the National Floriculture Park, the Anping Harbor Historical Park, the National Palace Museum Southern Branch, making improvements to railway scenery and services, and integrating the national trail and bike path systems, new travel trends such as "History Tour", "Railway Tour", "Trail Exploration" and "Bike Tour" were inspired and served to stimulate the development of local industries. The key accomplishments were as follows:

(1) National Floriculture (Council of Agriculture, Changhua County Government)

The National Floriculture Park is a multi-purpose facility that integrates flower production, commerce, exhibition, education and recreation to stimulate the development of the local floriculture and tourism industry. The Flower Expo Park built in Sijhou for this project was used to host the 2004 Taiwan Floriculture Expo. This attracted 1.58 million visitors while generating NT\$1.693 billion in revenues and brought NT\$2.577 billion to the local travel and leisure industry. Large events held at the park in subsequent years

have all continued to achieve excellent results.

The Park also provided assistance in setting up 14.7ha for floriculture and 53ha for producing the seedlings of decorative plants. Through comprehensive planning and professional management, it has helped growers improve their flower production and marketing, resulting in better quality and better prices. For 2007 the floriculture production area specialized in growing Texas Bluebells for export. A total of 1.5 million plants were exported at a price of NT\$14 per plant, a 40% increase on its auction price in the domestic market (around NT\$10). When the decorative plant seeding nursery area is ready, it should stimulate private investment and increase the industry output by NT\$454.6 million to NT\$2.71141 billion. The project also plans to cooperate with Changhua County's urban and rural development plan to develop a high-quality park district that takes into account production, lifestyle and ecology.



Floriculture specialty district's satellite demonstration area (14.7ha)

3D computer model of the decorative trees' seedling nursery area (53ha)

(2) National Palace Museum Southern Branch

(National Palace Museum)

The NPM Southern Branch will be built in Chiayi County at Taibao. Land requisition, transfer of land ownership and the rerouting of the Puzih irrigation waterway have now been completed. The site is currently being prepared and construction is expected to be completed in December 2010 with the museum opened to the public

in June, 2011.



NPM South Branch Site Layout

Development area: 70ha

■ Museum Zone

Museum building
Staff dormitory
Outdoor landscaping
Car park
Covers approximately 12~15ha

■ Park Zone

Artificial lake 15~20ha
North/South entrance and car park
Landscaping and the arts & culture
eco-performance area



(3) Anping Harbor Historic Park (Council for Cultural Affairs, Tainan City Government)

1. The master plan for this project won the 18th Annual Excellence on the Waterfront Award in the planning category from the U.S. Waterfront Center in 2004. Tainan City is the only Asian city to have this award to date.
2. **2006 and 2007** FIABCI Taiwan Real Estate Excellence award winners – "Anping Treehouse", "Harbor Historic Park", "Historic Water Park" and "Historic Visual Improvement – Simen Elementary School Building and Landscaping Project".



3. With the progressive completion of park facilities and the development of the tourism industry, the number of businesses have more than tripled between 2002 and the end of 2007, growing from 1,015 to 3,212.



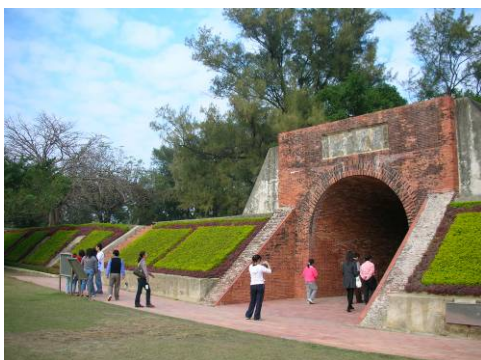
4. The number of visitors have also increased from 750,000 in 2002 to 1.23 million in 2007, a 64% growth.
5. Ticketing revenue from the historic buildings in the Anping region have grown from NT\$16.96 million in 2002 to NT\$31.66 million in 2007, totaling 88% growth.



150,000 visit the Oyster Ash Kiln Culture Center in 3 years



Old Tait & Co. Merchant House combined with the Anping Treehouse resulted in a four-fold increase in ticketing revenues.

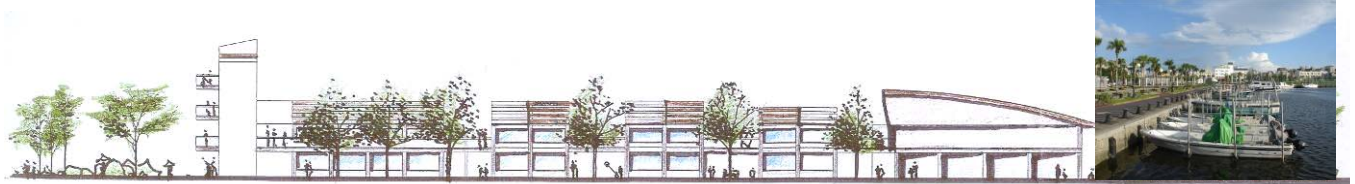


Increase in number of visitors to the Eternal Golden Castle



"Fucheng Spring Tour- Search for the Anping Sword Lion" event attracted large numbers of visitors

6. The pay facilities in the park with business potential are projected to bring in around NT\$30 billion in private investment. Construction on the NT\$2.6 billion Dayuan Resort project began on January 30, 2008.



Shopping arcade along the recreational wharf

(4) Round-Island Railway Tour Route (Taiwan Railway Administration)

1. The development of the Round-Island Railway Tour Route has created a new option in packaged tours. Improvements completed to date include landscaping improvements along the Kaohsiung-Jiucyutang, Southern Cross-Island and Chihshang-Yuli railways as well as raising/extending the overhead cover for station platforms. Station facilities at 12 key destinations including Keelung, Yingge and Taipei have also been upgraded, while LED train information displays and bilingual traveler information service systems have also been installed at 25 stations to provide domestic and overseas travelers with a friendly and high-quality railway tourism experience.
2. To facilitate "Railway Tourism", the TRA has released three-spur line one-day passes, round-island travel passes and launched tourist train services (the Oriental Beauty for Taipei-Hualien and Taipei-Jhihben, President One for Taipei-Fangliao), resulting in around 300,000 tourists a year. A variety of promotions have also been held in collaboration with local governments and tour operators to introduce travelers to the sights, culture and cuisine along the sights. New "DIY Railway Tour Pass" and themed high-quality "Railway Travel Packages" have also been promoted to provide local and foreign DIY travelers or visitors with a seamless railway travel environment. Together with efforts to create more railway tourism options for local and foreign tour groups, these have helped to stimulate local economic development.



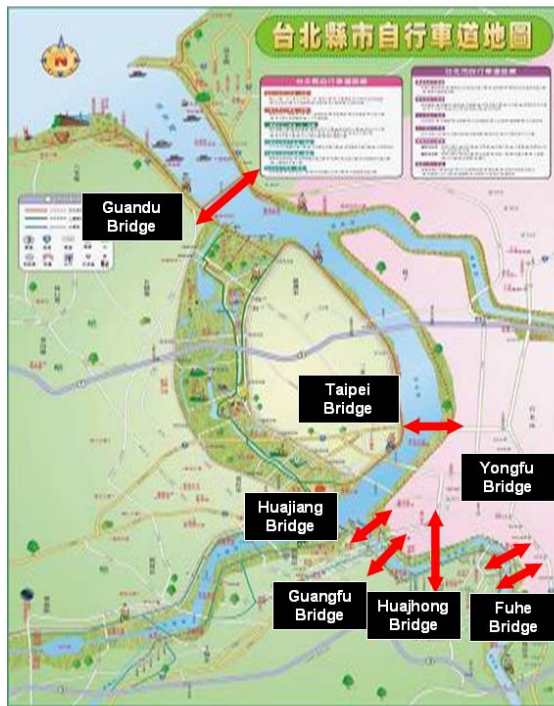
Extension and elevation of the Dahua Station platform



33-seat business class carriage for the tourism train

(5) National Bike Path System (National Council on Physical Fitness and Sports)

- 1.** Completed drafting the design guidelines for bike path facilities, detailed planning for bike paths in northern Taiwan as well as detailed planning for bike path networks in central, southern and eastern Taiwan.
- 2.** Construction of bike path networks (including Taipei City, Taipei County, Yilan County, Hsinchu City, Taichung County, Taichung City, Chiayi County, Kaohsiung City, Kaohsiung County, Pingtung County, Taitung County).
- 3.** Encouraged the construction of bike paths in municipalities, cities and counties through government grants. Around 600km of bike paths were completed by the end of 2007.
- 4.** Actively promoted the linking of municipal, city and county bike paths. In 2006 grants were provided for Taipei County to link the bike paths for Huajhong Bridge, Fuhe Bridge, Yongfu Bridge and Taipei Bridge. In 2007 further grants were provided for bike paths to be installed on Guangfu Bridge and Huajiang Bridge. In 2007 the NCPFS also coordinated efforts between Taipei County and Taoyuan County to link the bike paths in Taipei County's Yingge to Taoyuan County's Dasi.



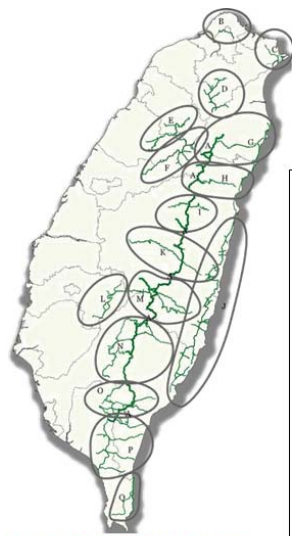
29

(6) National Nature Trail System (Forestry Bureau)

1. Drafting of guidelines: Completed guidelines for trail system design and management as well mark and signage systems. Published trail system case studies as well as planning and design guidelines and case studies for forest recreation facilities. Completed the nature trail system development plan for Kaoyueling, Syakaro and Northern Dawu Mountain. Also completed the draft of the guidelines for installation and management of national nature trails.
2. National nature trail system roadmap: Completed the roadmap for 14 national nature trail systems after 2.5 years of work.
3. Survey of natural and cultural resources: Completed over 15 trail resource surveys including Fuba Hiking Trail, Rueitai Historical Trail, Syakaro, Chinshuiying, Nenggao Hiking Trail, Alishan's Tsou Historic Trail, Su-hua's Piyahaw Historic Trail and the Northern Dawu.
4. Established a national nature trail website and management information system. This provides users with online access to eco-tours and environmental education information. It has so far accumulated over 1.5 million visits. A national nature trail e-newsletter is also published as part of the website program. Native

5. Construction, refurbishment and maintenance of trails and facilities: 887km of trails were established or refurbished in national forests using eco-friendly materials in ways that take into account soil and water conservation. Service facilities, mountain cabins and signage were set up along the trails.
6. Maintenance, management and monitoring: The trails are regularly inspected and maintained. In the event of natural disasters like typhoons and torrential rains, the trails and facilities are repaired to ensure public safety.
7. Environmental education and promotion: National conferences are held each year on topics such as trail system planning and design, environmental education promotion, construction, supervision, maintenance and management. A variety of creative promotional events such as hiking days, mountain clean-ups, environmental education and experiencing nature are also hosted. A range of environmental education materials such as maps, pamphlets and books are published to provide the general public with information about the trails and encourage the people to venture along the trails to experience the beauty of Taiwan's wilderness.
8. Public participation and trail adoption: To provide everyone with the chance to become involved, the general public and experts in all fields are invited to take part in conferences, symposiums and other related activities. This encourages collaboration between the public sector and private organizations. 34 trails were offered for adoption to local communities and related non-government organizations. This in conjunction with the community forestry program helped to build up rapport with communities near the trails.
9. Between 2001 and 2007 comprehensive trail infrastructure and outdoor environments were constructed along existing trails. The software and hardware took into account the trail's local environment resources as well as the five key dimensions: community, connecting routes, transfer hubs, road access and the

physical trail. Together with the Leave No Trace wilderness movement and creative nature experience initiatives, the project will provide future generations with a beautiful space for exercise, recreation, education and entertainment.



National Nature Trail System
roadmap planning and logo



Trail Planning & Design Guidelines and Signage System Guidelines

30



Established National Nature Trail
website
Attracted over 1.5 million visitors



Published 40 trail guide books and
handbooks



Received excellence in government
publishing award



Hiking, trail adoption, public participation
and promotion



Built and maintained 887km of trails

31

4. Set Up Tourism and Travel Service Network For User-Friendly Travel Services

(1) Set up Tourism and Travel Service Network for User-Friendly Services

1. Set up the "Taiwan: Touch Your Heart" website: A comprehensive "tourism portal website" available in Chinese (Traditional Chinese, Simplified Chinese, Hong Kong/Singapore/Malaysia), English, Japanese, Korean, Germany and French was set up that integrates information from local governments and private-sector organizations. Tourists can now go online to get quick access to useful information. The Chinese version of the website surpassed 4.28 million views in 2007.
2. Set up Taiwan Tour Bus System: Assisted operators with setting up 33 Taiwan Tour Bus routes (including 19 in conjunction with the High Speed Rail) covering key attractions throughout northern, central, southern and eastern Taiwan as well as the offshore islands (Penghu). Since the system was launched in 2004 it has been used by over 350,000 passengers, 40% of whom were overseas visitors, and resulted in direct tourism revenues of around NT\$360 million.
3. Set up travel information service network: Completed a unified corporate identity system (CIS) for travel information centers so they can be easily found by tourists. Local governments and the relevant agencies also assisted with setting up the "i" tourist information center sign. A total of 83 locations were given this upgrade (including 2 visitor centers, 36 travel service centers and 45 tourist information centers) and staffed with service staff who speak foreign languages to provide immediate travel advice and answer inquiries. These have since served over 1.55 million visitors.
4. Set up tourist map signs: Assisted the Taipei City Government, the Taipei County Government, the Taichung City Government and the Changhua County Government with the installation of 98 tourist map signs (street maps). These provide tourists with quick and convenient travel directions.
5. Commissioned "Call Center": The Call Center commissioned in collaboration with Chunghwa Telecom (24-hour tour free travel information service hotline 0800-011-765) offers dedicated Chinese,

English, Japanese and Korean speaking operators. Over 68,000 people have made use of this service.



Taiwan: Touch Your Heart website's welcome page



English homepage



Established Taiwan Tour Bus website



Updated listing of 33 travel products (including 19 offered in conjunction with HSR)



Used by over 350,000 travelers



Taipei's Songshan Airport



Taipei Railway Station



Kinmen's Shangyi Airport

33



Tourist map signs



24-hour Call Center(0800-011-765)



(2) Assisting Operators to Improve Their Business and Service Quality

1. To improve the quality of general hotels, a campaign was launched to help 444 hotels (25,243 guest suites) improve their quality of service. The "Plan to Upgrade the Safety, Quietness and Cleanliness of General Tourist Hotels" was also put into action to meet the needs of overseas visitors. So far 96 hotels (5,014 guest suites) have been certified as meeting the standards for safety, quietness and cleanliness.
2. To ensure a safe and friendly travel environment, the government has continued to organize tourism and leisure industry management and bilingual service training courses, assisting operators pass the English Service Mark certification process, carrying out facility safety management and making regular inspections.
3. To ensure the safety of tourists, efforts have been made to improve the quality of Chinese tour groups and extra audits carried out of accommodations, restaurants, coaches, tour guides, shops and shipping at key tourist attractions.
4. To improve the quality of service, the government has continued to organize employee training courses for the travel industry, tourist hotel industry, general hotel industry, tourism and leisure industry, tourism bus services and guides at national scenic areas.

My Landscape Hotel



Hoya Hot Springs Resort & Spa



Hotel 73



Cambridge Hotel

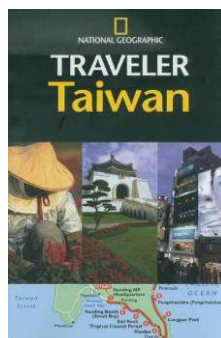
5. Using Creative Marketing to Expand the International Market

(1) Strengthened Online Marketing and Media Reporting to Develop New Markets:

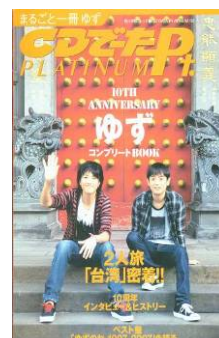
1. Set up a Taiwan tourism web portal to strengthen online marketing.
2. Set up distribution agreements with 167 large travel agencies around the world.
3. Actively participated in large travel exhibitions around the world, including the world's top eight travel exhibitions and the top four incentive travel shows.
4. Collaborated with the National Geographic channel in a co-branding marketing campaign to draw on the international exposure of the National Geographic. NGC and Taiwan: Touch Your Heart logos were displayed on product pamphlets and shop signs to increase trust in the products.
5. Invited the Discovery Channel to collaborate on the "Fun Taiwan" travel program. The "Thirsty Traveler" was also invited to visit Taiwan to promote Taiwan's tourist attractions, fine wines and great food.
6. Collaborated with international travel books in order to provide potential visitors with more information.
7. Invited international media to visit Taiwan and write in-depth reports of their experiences in order to increase marketing opportunities.



National Geographic travel book



Co-branding with the National Geographic



Japanese travel book on Taiwan



Report in German magazine

(2) Tailored Advertising for Target Markets

- 1. Japanese and Korean markets:** Used the Tea Family and the popular F4 group as the spokespeople for major campaigns such as the Taiwan Tourist Train, the One-Millionth Japanese Visitor to Taiwan and F4 Fan Meet. Together with the shooting of the "Wish to see you in Taiwan!" idol drama set against famous Taiwanese attractions, these efforts sought to attract the young Japanese and Korean female tourists. The result has been a 27.29% increase in Japanese tourists (from 916,300 in 2000 to 1,166,380 in 2007) and a massive 169.79% increase in Korean tourists (from 83,700 in 2000 to 225,814 in 2007).



Tea Family – Foot Massage (Japanese)



Result of F4 promotion: Between March ~ November the number of Japanese/Korean tourists increased by 24,000 over the previous year, generating NT\$815 Million in tourism revenue.

- 2. Hong Kong/ Singapore/ Malaysia Markets:** Invited A-mei, Nianzhen Wu then Jolin Tsai to act as the spokesperson for Taiwan tourism. They hosted large promotional events such as "Tour Taiwan with A-Mei" and "**Romance 99**" while also assisting with the shooting of promotional videos and holding of promotional events. This has resulted in a 62.82% increase in visitors from Hong Kong, Singapore and Malaysia (from 514,200 in 2000 to 837,239 in 2007).

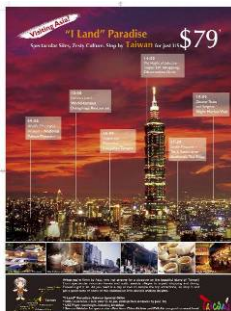


Promotional video for travel program featuring A-Mei in 2005



Nien-jen Wu and Jolin Tsai acting as the spokespersons

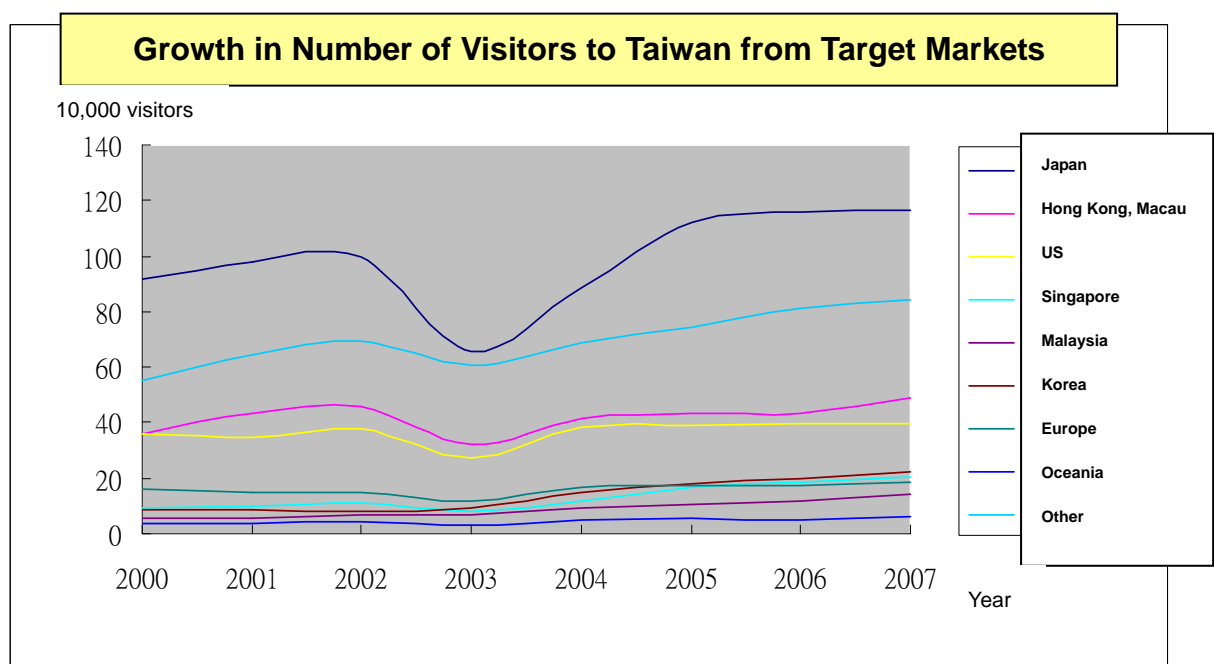
3. American and European markets: Public relations consultants were used to negotiate sales agreements with large local travel agencies and a promotional campaign with "Taiwan, Beyond Your Expectations" launched. This resulted in a 12.29% increase in European and American travelers (from 520,050 in 2000 to 584,448 in 2007).



Launched the Tour Taiwan on US\$79 promotional offer in the U.S.



The Ilha Formosa advertisement for the European/American market



(3) Offer Incentives to Develop New Markets:

1. **Offer promotional incentives:** Collaborated with tour operators to offer special promotions for international visitors such as half-day tours for transit passengers, free one-day tours for convention attendees and their families, and duty-free shopping in Taiwan.
2. **Attract charter flights to Taiwan:** The issuing of the "**MOTC Guidelines for Subsidization of Overseas Charter Flights to Taiwan** 交通觀光局推動國外包機旅客來台獎助要點" in 2004 helped to encourage Japanese and Korean tour operators to offer tourist charter flights to Taiwan. In 2006 there were a total of 103 charter flights and 15,301 visitors. In 2007 there were a total of 109 charter flights and 13,625 visitors.
3. **Attract cruise ships to Taiwan:** Welcome packages and harbor fee discounts were introduced for the high-spending cruise market in July 2003. In 2006, 17 cruise ships and 16,100 visitors arrived in Taiwan while in 2007, there were 19 cruise ships and 23,727 visitors.
4. **Attract incentive tours:** Incentives were introduced in 2003 to provide welcome banners, cultural performances and promotional souvenirs for any company that organizes an incentive tour group to Taiwan consisting of 50 or more people. Special arrangements were also available for groups of 300 or more people. In 2006 a total of 60 groups and 10,223 people were received, while in 2007 there were 67 groups and 9,759 people.



**Welcoming ceremony
for charter flights to
Taiwan**



**Welcoming ceremon
for cruise ships
docking in Taiwan**



**Japanese incentive
travel (Ladies VIP tour)**



**Welcoming incentives for
overseas excursions**

IV. Innovations

1. Organizing of "Working Groups" and "Industry Alliances" for Tour Routes

(1) Success Story 1: North Coast Tour Route

1. The "North Coast Tour Route Plan" was a key project that sought to integrate the tourism resources of Taiwan's north coast and transform the Northeast Cape into an international coastal tourism district for Greater Taipei. The approaches taken included:
 - (1) Retaining a general landscaping consultant and project supervisor to provide professional advice. This led to the Executive Yuan naming the Northern Coast Highway (No.2 Taiwan Highway) a model scenic route.
 - (2) Formed "Working Groups" in collaboration with the administrative agencies and local governments on the tour route to help inspect and organize the planning and development of packaged tours. This ensured consistency in public infrastructure developments. The "Working Group for Promotion of Tourism in Yilan County's Jurisdiction of the Northeast Cape" for example regularly meets to coordinate and discuss projects and proposals. This streamlined administrative procedures and built friendly cooperative relationships.
 - (3) Invited tourism related businesses such as restaurants, hotels, transportation companies and travel agencies to set up an "Industry Alliance". By adopting a customer-oriented approach, the goal was to ensure proper service and attention to all tourist needs. Through cross-industry alliances businesses were also able to identify their own strengths and create distinctive attractions to attract tourists.

Thanks to the above initiatives, the implementation of the "North East Coast Tour Route Plan" has seen improvements to tour route services and facilities, developing of tourist fishing harbors, clean-up of the coastal environment and marketing

campaigns. The general increase in service quality, highlighting of the route's unique attractions and diverse marketing strategies have resulted in a superior travel experience for domestic tourists. The number of international tourists has increased as well, expanding the tourism and travel market.

2. The launching of campaigns like the "North Coast Wedding Photograph Event" has helped to make the North Coast a popular location for honeymoon and bridal photography.

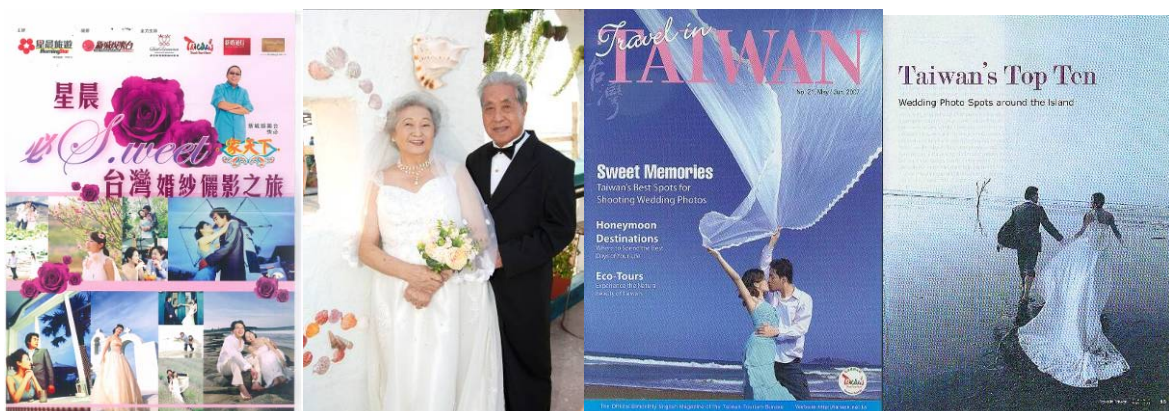
(1) Creative inspiration: The scenic North Coast offers tourist resources such as sunlight, white sands, sea waves, sunsets and hot springs. It is just an hour's drive away from metropolitan Taipei while the public and private sectors have actively encouraged the building of blue and white themed buildings over the past 5 years to promote an Aegean Sea flavor. These have drawn many young couples looking to shoot outdoor bridal photos. The MOTC Tourism Bureau and its North Coast Scenic Administration therefore began planning in 2005 a campaign based on the strengths of Taiwan's bridal photography industry – expertise, speed and price. This eventually became the "North Coast Wedding Photograph Event" organized in collaboration with the **Taipei City Bridal**

Industry Association 台北市婚紗策進會 and the tourism businesses in the North Coast Tour Route Industry Alliance.

(2) Format: The event involved the following: A. Advertising online for wedding photographs. B. Offering of prizes such as accommodation and hot spring vouchers to entice the winning couple and their families to visit the North Coast again. C. Organized overseas exhibition tours of the winning photographs. For Hong Kong, an exhibition was held in a Hong Hom shopping center in partnership with the **Taipei City Bridal Industry Association** and achieved a strong response. For the North Coast – the photographs were exhibited in different businesses to attract tourists' attention. D. Invited photographers working for bridal photography companies to personally come and survey the scenic locations on the North Coast. E. Invited reporters in Taiwan and overseas (including

Hong Kong, Singapore and Malaysia) to write reports. F. Held online poll to choose the ten best wedding photography locations on the North Coast. G. Created the Queen's Head commemorative stamp and the Husband and Wife Rocks (the Jinshan and Jhutai islets) glass sculpture based on North Coast attractions to give to newly-weds and foreign visitors as souvenirs. H. Printed pamphlets and posters to promote the North Coast at travel exhibitions in Taiwan, Singapore, Hong Kong and Malaysia. I. Produced and published the book "**North Coast Sights 北觀采風**" for sale and marketing. J. The "Shihmen Wedding Photography Plaza" was built in support of the event for tourists to take photos

- (3) Results: A. A "Happiness is the North Coast" impression has been successfully created. According to statistics collected by the **Taipei City Bridal Industry Association**, in 2007 a quarter of the thousand or so couples from Hong Kong that visit Taiwan to have their bridal photographs taken each month visit the North Coast. B. The North Coast's attractions and sights have been successfully promoted to the world.
- (4) Vision: A. Continue to promote the North Coast to the Chinese market in Singapore and Malaysia. B. Once the hardware infrastructure is better developed, the next step is to promote the North Coast to the premium Japanese market. C. Collaborate with tour operators on the North Coast to create more economic gains.



Transforming Taiwan into the Honeymoon Island

(2) Success Story 2: Hengchun Peninsula Tour Route

The "Hengchun Peninsula Doubling Tourist Arrivals Industry Alliance of Pingtung County" was started up by the MOTC Tourism Bureau's Dapeng Bay National Scenic Area Administration. Its aim was to make effective use of private-sector and local government resources, open channels of communication between the industry and the government, support the government's tourism development policy and bring prosperity to the region by developing the Hengchun region's tourism industry. Travel agencies, restaurants, transportation services, hotels and recreation activity operators were invited to attend the public meetings and asked to join the industry association.

The organization's purpose was to reduce traveling costs by bundling the food, water activities, hot springs, culture and other tourism resources on this tour route into package tours. At the same time, government and privately sponsored international advertising will promote the Hengchun Peninsula to the international market in order to realize the goal of doubling tourist arrivals. Assistance was provided to businesses to help improve their quality of service while the industry alliance also negotiated with operators to lower their margins in order to make the tour route more internationally competitive.

There were many difficulties in the beginning. When the Dapeng Bay Administration invited local businesses to join the industry alliance, the response was generally negative and there was little interest. Community organization legislation however required at least 30 founding members so the Administration continued its efforts and persuaded the more reputable tourist hotels in the Kenting area to take the lead. Eventually, 30 members were recruited and the industry alliance set up. After 4 years of operation it has been very successful and created many new business opportunities for businesses in Kenting. Today, the alliance has 51 members.

The "Hengchun Peninsula Doubling Tourist Arrivals Industry Alliance of Pingtung County" has achieved many spectacular successes, including:

1. The "Hengchun Peninsula Doubling Tourist Arrivals Industry Alliance of Pingtung County" produced Hengchun Peninsula and Kenting Passports that offered a wide range of discounts and promotions. These were sold through convenience stores, hotels or as giveaways. All 50,000 passports were successfully sold, bringing significant business to the tour route.
2. The "Hengchun Peninsula Doubling Tourist Arrivals Industry

- acted many tourists and members of the public to the sales promotions, providing a significant boost to the marketing of the Hengchun Peninsula Tour Route.
3. Every year the industry alliance attends international travel exhibitions in Taipei, Taichung and Kaohsiung to promote the Hengchun Peninsula Tour Route. In 2006 and 2007 the alliance even attended trade fairs in Beijing, Shanghai and Kunming, extending the Hengchun Peninsula Tour Route to the Chinese market.
 4. Assisted the Dapeng Bay NSA Administration set up the web portal for the Hengchun Peninsula Tour Route.
 5. Helped the Dapeng Bay NSA Administration develop promotional materials and DVDs for the Hengchun Peninsula Tour Route.
 6. Assisted the Pingtung County Government with the hosting of the events like the "Tuna Festival", "Wind Chime Festival", "Peninsula Art Festival" and the "130th Anniversary of Hengchun's Founding". In partnership with the Taiwan Super Triathlon Association, organized the "Hengchun Peninsula 113KM Triathlon"; helped the Hengchun Town Hall host the Mid-Summer Ghost Festival and the Grappling with Ghosts event. This included entering a team in the event and assisting the Kenting National Park Administration with the hosting of the " Spring Scream " music festival. This has helped to significantly raise the profile of the Hengchun Peninsula Tour Route.
 7. Organized members' gatherings such as archery competitions, paintball games and Siaoliouciou tours so everyone can get to know each other, learn about each other's businesses and be able to help each other out when necessary.



General Meeting



**Electing new directors
and supervisors**



**Attending the 2006
Shanghai Trade Fair**



Taipei Travel Exhibition



Taichung Travel Exhibition



Kaohsiung Travel Exhibition

2. Minimizing Construction, Beautifying the Environment

An important concept in the Doubling Tourist Arrivals Plan is the need to "restore and protect our natural resources". A minimal construction approach was therefore adopted in a way that does not affect functionality or safety. Poor facilities and unsightly areas along the tour routes were therefore upgraded using materials that were easy to maintain and in keeping with the local atmosphere. This improved the experience for tourists while ensuring sustainable development. Instead of huge developments that mar the landscape, the new developments typify the ideal of "small is beautiful". What visitors see are "road landscape improvements" and "urban/rural environment improvements" that highlight the scenic sights and architectural aesthetics. Instead of just traveling between destinations, the provision of appropriate amenities and the restoration of the region's natural beauty mean that traveling itself is now a pleasant experience for visitors.



Landscaping improvements
along the No.2 Taiwan
Highway



Demolishing of illegal
buildings along the No.2
Taiwan Highway



Upgrading of New
Jersey barriers



Utilities moved underground



Tiaoshih public washrooms



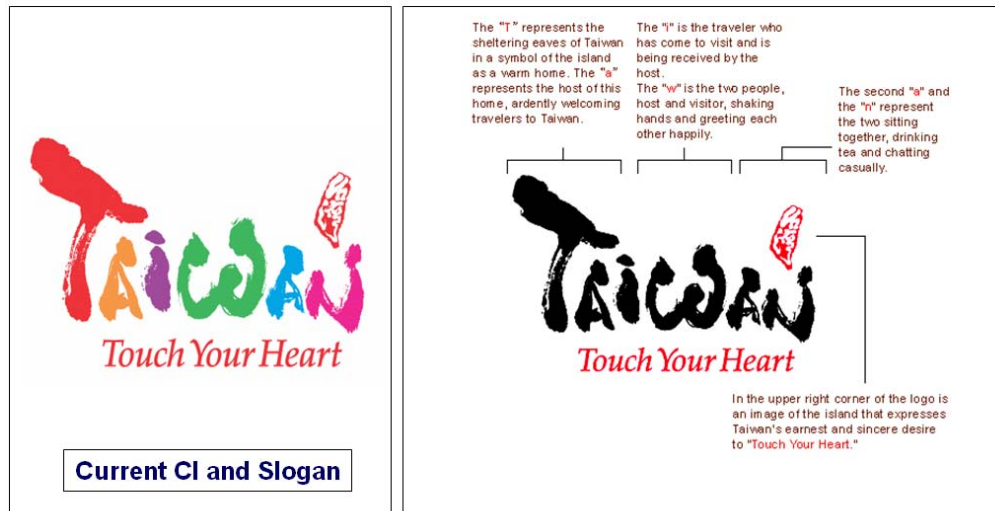
Public washrooms next to
Hemei Elementary School

3. Creative International Marketing Techniques

(1) Creating the Taiwan Tourism Brand

Developed a branding strategy that uses a colorful "Taiwan" as the CI and "Taiwan – Touch Your Heart" as the slogan. The unified branding and

slogan makes Taiwan more recognizable when promoting Taiwan tourism internationally.



(2) A Marketing Partnership with the Entertainment

Industry with Celebrity Spokespersons

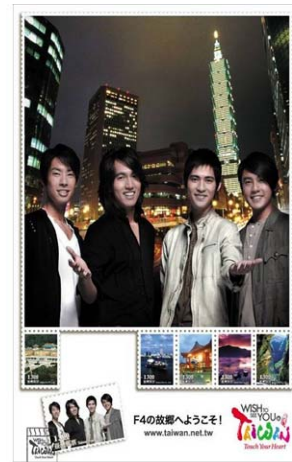
A marketing partnership was formed with the entertainment industry for the first time with celebrities acting as campaign spokespersons. Exploiting Taiwan's strengths in idol dramas, movies and Chinese pop music, Taiwan's tourist attractions and elements were included into "star-spotting manuals" and packed into travel products. By marketing Taiwan as an entertainment hub and star-spotting paradise in collaboration with the relevant units, fans from neighboring countries were enticed to visit Taiwan in groups.



The "Island Etude" encouraged interest in cycling around Taiwan



Nien-jen Wu and Jolin Tsai acting as the spokespersons for the Hong Kong / Singapore / Malaysia markets.



F4 acting as the spokespeople for the Japanese/Korean markets.



Collaborating with the entertainment industry to produce the idol drama "Wish To See You Again"

For the Japanese and Korean market the F4 group was selected as the spokespeople. Tourist attractions were embedded into the drama's scenes then associated travel products, large-scale promotional events and advertising campaigns launched to attract visitors to Taiwan. For the Hong Kong, Singaporean and Malaysian markets, Jolin Tsai and Nien-jen Wu were chosen as the spokespersons to promote a Taiwan tourism image of being young and fashionable vs. local tradition. By inviting tour operators and journalists to experience Taiwan's offerings for themselves, developed new high-quality itineraries tailored to each season and improved the brand image. These efforts all created great media and public interest.



Results of F4 promotion: Between March ~ November the number of Japanese/Korean tourists increased by 24,000 over the previous year, generating NT\$815 million in tourism revenue. When the idol drama is broadcast at the end of 2007 it should provide a massive boost to drawing power.



Results from Nien-jen Wu and Jolin Tsai promotion: In 2007 the number of tourists from Hong Kong/Singapore/Malaysia grew by 100,000 over 2006, generating tourism revenues in excess of NT\$3 billion.

(3) 2004 "Taiwan Tourism Year" Promotion:

The development of tourism in Taiwan suffered a serious setback in 2003 due to SARS. The 2004 Taiwan Tourism Year promotion therefore sought to pool all domestic government tourism resources for an international marketing push, with incentives offered to attract overseas visitors to Taiwan. The campaign also to build a consensus on "tourism is embraced all". Initiatives included the Domestic Advertising Plan, the Competitive Events Plan, the International Promotions Plan, the Product Development Plan and the Travel Information Network Development Plan. The "Taiwan Host" training and certification scheme was pioneered as part of the campaign and sought to recruit businesses and the general public to become "Good Hosts" for welcoming visitors. The scheme achieved an overwhelming response, resulting in 2.95 million visitors to Taiwan in 2004. This was a major boost of 31.2% on 2003 when there were 2.248 million visitors. The turn-around revitalized the tourism industry and laid down the foundations for solid growth in future years.



Visit Taiwan Year CI



Welcome slogan for online poll



Welcoming decorations placed at all major transportation venues to greet all visitors to Taiwan upon their arrival.



Visitors were each offered a postal pamphlet to send to their friends and relatives. Nearly 5000 pamphlets inviting friends from overseas to visit as well were sent.



3.6 million post cards were printed and made available to the general public so they can invite friends overseas to visit.



Taiwan Host VCD



Taiwan Host badge



Taiwan Host certified shop sticker



12 Taiwan Host workshops were held, with a total of 1,450 trainees and 120 instructors trained.

4. Construction of Bike Paths in the Greater Taipei Region

Grants were provided by the Executive Yuan' National Council on Physical Fitness and Sports to Taipei County and Taipei City for the construction of bike paths. These offered residents of Greater Taipei with a venue for recreation and exercise, and linked Taipei County/City via

bridges such as Huajhong Bridge. Between 2002 and the end of 2007 a total of 120km of bike paths were built in Taipei County and around 100km in Taipei City. Since their completion the bike paths have become a major tourist attraction in northern Taiwan. They have also stimulated the development of new bike paths in the rest of Taiwan and strong interest in tourism.



Tour de Taiwan

5. Construction of the National Nature Trail System

In the 21st Century, demand among the Taiwanese population for outdoor recreation has grown in concert with social and economic development. For the construction of the National Nature Trail System, attention was paid to maintaining the environmental resources while taking into account the five key dimensions: lifestyle, access route, transfer hub, road access and physical trail. Particular emphasis was given to the national trail system's planning, surveying of natural and cultural resources, establishing a trail database and website, environmental education and marketing, activities and software planning/implementation. These were supplemented with trail management, maintenance and monitoring, physical refurbishment of trails, public participation and trail adoption. In conjunction with the Leave No Trace wilderness movement and creative natural experiences, the result has been a beautiful space accessible to the general public that offers ecology, leisure and edutainment. An estimated 3.6 million people take advantage of the trails every year. If each visit results in consumer spending amounting to NT\$500, this would amount to total industry output of over NT\$1.8 billion.

An example of this is the Caoyang Trail in Nan-ao. The trail climbs up the

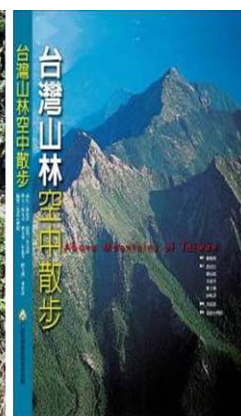
hillside of Gueishan next to the Nan-ao Fishing Harbor. Apart from the construction of the trail itself, the natural resources survey, rest facilities, guide signs throughout the entire region and even the training of villages to serve as trail guides have given the previously silent hill a brand new life. In the past, the Caoyang Community at the foot of the mountain was a forgotten village where only old people and young children lived. The construction of the Caoyang Trail and the Hakka people's "stiff-necked" tradition however has seen the promotion of a unique eco-tour combining the attractions of the mountain and the seas bring the local people new hope. Each year the Caoyang Trail brings what had been a small fishing village hundreds of millions in business opportunities. Young people no longer have to leave their hometown in search of work either. Now they can rejoice with their families and see the blooming of the gordonias all over the mountain and be moved by the coming of the horse crabs.



Public participation events



After the restoration of the Rueitai Historic Trail, the Taihe Community held a "Welcoming the Bride" ceremony featuring the classic sedan chair as part of the unveiling ceremony.



Guide book

V. Future Direction

1. The Doubling Tourists Arrival Plan is a joint inter-ministry/agency program that in its six years of operation has helped to expand the size of the local tourism industry, expand the international tourism market, improve the quality of travel experience, establish a visitor-friendly environment and create new attractions with great potential. Apart from cooperating with the "First Three Year Plan for the Sprint Program of the Economic Development Vision for 2015" from 2008 onwards to continue improving the quality of travel in Taiwan, planning is now underway for

the "2008~2009 Travel Taiwan Year". This will use the domestic marketing, festivals and competitions, product development, international marketing and the travel information network setup plans to aggressively promote the development of Taiwan's tourism industry in order to transform Taiwan into one of the premier travel destinations in Asia.

2. The public has great expectations of projects like the National Palace Museum South Branch, the Round-Island Railway Tour Route, the Return of the Old Mountain Line and the Anping Harbor Historic Park. Development on these projects will continue and in the future visitors will be treated to new attractions such as the brand new National Palace Museum South Branch, a nostalgic ride on the Old Mountain Line and find out about the past from the Anping Harbor Historic Park.