

Current Economic Conditions in the Republic of China (Taiwan)

CC

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Economic Conditions

- Due to the global financial crisis, in the first quarter of 2009---
- Taiwan's GDP contracted by 10.24%
- Exports of goods and services plummeted by 27.15%
- Private consumption decreased by 1.41%
- Fixed investment decreased by 41%

Policy Implementation-1

Three-Pillars-of-Support Policy to deal with the global financial crisis

- Government support for banks—full guarantee of all bank savings deposits
- Bank support for business—establishment of the “Special Task Force on Government Assistance For Financing Business Operation” to strengthen financing of small and medium enterprises
- Business support for workers—integrating government resources to convince the enterprises not to lay off employees

Policy Implementation-2

Expanding Domestic Demand

- The issuance of consumption vouchers (Nov. 2008)—with a budget of US\$2.85 billion
- Expanding investment in public works to invigorate the economy)—with a budget of US\$21 billion
- Subsidizing the purchase of energy-saving, low-carbon-emitting household appliances and equipment, low-polluting vehicles
- The special project to increase the number of tourist arrivals from mainland China—Actively promoting tourism from mainland China with receiving 3000 arrivals per day.

Policy Implementation-3

Increasing Exports and Enterprise Competitiveness

- The “New Cheng Ho Plan”— aimed at helping business increase exports through expansion of export financing and insurance, penetration of the mainland China and other emerging markets, and to attract foreign firms to conduct procurement in Taiwan
- Implementation of the “Action Plan for Energy Conservation and Greenhouse Reduction” to improve the industrial structure

Policy Implementation-4

Improving the relations with mainland China

- President Ma Ying-jeou's Policy toward Mainland China: shelving controversies and pursuing a win-win solution
- 3 "Chiang-Chen Talks" resulted in 9 agreements and one consensus--enhanced mutual cooperation in a range of important issues from direct links, financial cooperation to Mainland China's investment in Taiwan

Policy Implementation-5

Improving the relations with mainland China --continued

- Number of weekly passenger flights between Taiwan and mainland China: 270
- Number of weekly cargo flights:28
- Number of mainlanders visit Taiwan from January to April 2009: 296 thousands— increased by 276% compared with the same period of 2008

Policy Implementation-6

Improving the relations with mainland China --continued

- Number of mainland tourists to Taiwan from January to April 2009: 191 thousands—increased by 872% compared with the same period of 2008
- Chinese Guang-xi Provincial chairman led a 1000-strong delegation to Taiwan in May as business exchanges
- Taiwanese companies invited to supply 10 selected Chinese cities with ultra-bright, energy-saving LED lights

Prospect for 2009-1

- GDP is projected to contract 8.5% and 2.98% in the second and third quarters respectively, and recover to grow 5.2% in the fourth quarter
- Exports are projected to plunge by 21.8%, much worse than the declines caused by the Asian economic crisis in 1998 (-9.3%) and the 911 attacks in 2001 (-16.9%)
- Private investment is forecast to decrease by 29% in 2009

Prospect for 2009-2

- However, government investment is projected to grow 22.3% in 2009, the biggest increase since 1992
- The “i-Taiwan 12 projects” are expected to create 220,000 job over the next 4 years
- Furthermore, a US\$ 21 billion stimulus plan will create 150,000 new jobs.

Green Energy Industry-1

- In the next 5 years, the government will invest a total of US\$ 1.5 billion to boost green energy industry, which aims to increase industry revenue to US\$ 500 billion by 2015 and to create 110,000 jobs.
- The focus of the green energy industry includes solar energy, light-emitting diodes (LEDs), wind power generation, biofuels, hydrogen energy and fuel cells.

Green Energy Industry-2

- Taiwan will complete the construction of Asia's largest solar power plant by 2011 and will become one of the world's top three producers of solar energy batteries by 2015
- Taiwan is currently the second largest LEDs producer, next only to Japan. By 2015, it will become the world's largest supplier.

Green Energy Industry-3

Two important exhibitions that focus on green energy in Taipei, Taiwan

- The Taiwan International Photovoltaic Forum & Exhibition (PV Taiwan 2009) to be held from October 7 to 14, 2009
- The Taiwan International Green Industry Show, from October 21 to 24, 2009.

Taiwan's Major Trading Partners

- Five major trading partners: China (including Hong Kong), ASEAN, USA, EU and Japan
- China and ASEAN have become increasingly important trading partners since 2000, and now become Taiwan's top 2 export markets.
- USA is Taiwan's 3rd largest export market, while Taiwan is the 11th largest export market and 5th largest farm products market of the USA
- Japan has remained Taiwan's largest supplier of imports.



Thank you very much

Comments and questions are
welcomed