

Brief Summary

1. Leading Cross-Strait Economic Exchange Indicators

(1) Cross-Strait Bilateral Trade

- a. Comparing the statistical data officially released by Taiwan and Hong Kong, in order to improve the accuracies of the cross-strait trade statistics, Taiwan's export estimates have been reappraised, with regard to the formula please refer to the table 6. Therefore, according to the formula, the estimated value of total cross-strait bilateral trade of the first three months of 2010 is US\$26.83 billion (2009: US\$15.84 billion), a gain of 69.4% as compared to the same period of last year, in which Taiwan's exports to Mainland China increase 73.2% to US\$19.35 billion (2009: US\$11.17 billion) while imports from Mainland China increase 60.2% to US\$7.48 billion (2009: US\$4.67 billion). (If the trade of Taiwan with Hong Kong is included, The value of Taiwan's trade with Hong Kong and Mainland China totaled US\$34.31 billion over the first three months of 2010, exports to Hong Kong and Mainland China were US\$26.41 billion, while imports from Hong Kong and Mainland China were US\$7.89 billion).
- b. As estimated above, the significant increase is on the total foreign trade of China to Taiwan during 2000-2008. In the first three months of 2010, Taiwan's trade with Mainland China accounted for 22.60% of Taiwan's total foreign trade, a decrease of 0.29 percentage points comparing to 22.89% at the end of 2009. Exports to Mainland China accounted for 31.32% of Taiwan's total exports, an increase of 0.84 percentage points from 30.48% at the end of 2009, while imports from Mainland China accounted for 13.14% of Taiwan's total imports, a decrease of 0.89 percentage points from 14.03 % at the end of 2009. (If the trade of Taiwan with Hong Kong is included, Taiwan's trade with Hong Kong and Mainland China accounted for 28.90% of Taiwan's total foreign trade during the first three months of 2010. Exports to Hong Kong and Mainland China accounted for 42.74% of Taiwan's total exports, while imports from Hong Kong and Mainland China accounted for 13.87% of Taiwan's total imports).
- c. According to the Hong Kong Customs statistics, the value of Taiwan's trade with Mainland China via Hong Kong totaled US\$6.0 billion (2009: US\$3.71 billion) over the first three months of 2010, an increase of 61.84% as compared to the same period of last year. In which, Taiwan's exports to Mainland China via Hong Kong increased 58.89% to US\$5.08 billion (2009: US\$3.19 billion), while

- d. According to Hong Kong Custom statistics, cross-strait bilateral trade accounted for 5.05% of Taiwan's total foreign trade during the first three months of 2010, a decline of 0.50 percentage points from 5.55% at the end of 2009. Exports to Mainland China accounted for 8.21% of Taiwan's total exports, a decrease of 0.64 percentage points from 8.85% at the end of 2009, while imports from Mainland China accounted for 1.62% of Taiwan's total imports, a decrease of 0.09 percentage points from 1.71% at the end of 2009.

(2) Taiwan Investment in Mainland China

According to the Investment Commission, MOEA, Taiwan, during the first three months of 2010, the number of approved foreign investment (including investment to Mainland China and the registered number which unregistered previously) totaled 267 cases and accrued US\$3.37 billion, in which US\$2.66 billion was approved for investment in Mainland China. Mainland China has attracted 78.86% of Taiwan's total foreign investment such that it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated 37,990 cases from 1991 to the end of March 2010, which totaled US\$85.36 billion. A total of 219 cases (including the registered number which unregistered previously) of direct investment to Mainland China were approved during the first three months of 2010, which totaled, with 132.56% increase over the same period in previous year. Taiwan's investment mainly concentrated in the areas of Mainland China, such as Kiangsu, Canton, Fukien, Shanghai, Chekiang, and so on. The amount of investment in those areas were as in the follows respectively: US\$933 million, accounting for 35.14% of total direct investments, US\$666 million for 25.10%, US\$195 million for 7.34%, US\$187 million for 7.05% and US\$100 million for 3.77%. Investment was distributed among electronic parts and components manufacturing with investment of US\$1.04 billion, accounting for 39.15% of total direct investment, computers, electronic and optical products manufacturing with US\$429 million for 16.17%, electrical equipment manufacturing with US\$162 million for 6.09%, wholesale and retail trade with US\$98 million for 3.68%, and machinery and equipment manufacturing with US\$84 million for 3.16%.

(3) Cross-Strait Remittance, Mail Delivery and Telephone Communication

- a. The banks of Taiwan remittance to and from Mainland China have been on the increase fast during 2002-2008. As compared to the same period of last year, remittance to Mainland China increasing 35.16% to US\$53.08 billion

time, remittance from Mainland China to Taiwan totaled US\$31.25 billion (2009: US\$24.32 billion), which is an increase of 28.48%.

- b. There have been more letters posted from Mainland China to Taiwan than the other way round since 2006. In the first three months of 2010, mails to Mainland China decreased 4.31% to 934.88 thousand (2009: 976.98 thousand) while mails from Mainland China decreased 3.08% to 1.32 million (2009: 1.36 million). The communication time by phone from Taiwan to China always are longer than the other way around. Telephone calls to Mainland China increasing 3.2% to 356.17 million minutes (2009: 345.03 million minutes), with a total of 93.01 million calls during the first three months of 2010, while calls from Mainland China decreasing 18.43% to 140.73 million minutes (2009: 172.53 million minutes), with a total of 57.02 million calls. The average time per call to and from Mainland China was 3.8 and 2.5 minutes respectively.

(4) Taiwan visitors people to Mainland China

According to the China Travel Yearbook and the China Monthly Statistics, the number of Taiwan tourists to Mainland China during the first three months of 2010 totaled 1.17 million (2009: 1.03 million), which is an increase of 13.14% as compared to the same period of last year. Cumulative figure from 1987 to the end of March 2010 showed that there were 57.07 million persons traveled to Mainland China.

(5) Chinese visitors to Taiwan

There have been 336.49 thousand (2009: 163.02 thousand) people from China visiting Taiwan for the first three months of 2010, which is an increase of 106.41% over the same period in previous year. Among these, 26.65 thousand (2009: 13.22 thousand) people were traveling for economics and trade related activities, which represents a 101.56% increase over the same period in previous year. The number of tourists however, has increased by 165.61% over the same period in previous year to 244.83 thousand (2009: 92.18 thousand) persons. In total, there has been 3.55 million (from 1987 to March 2009: 2.31 million) Chinese people visiting Taiwan from 1987 to March 2010.

(6) Kinmen's "Mini-Three Links" statistics

1,629 trips) to Mainland China for the first three months of 2010, which marks a decrease of 7.61% over the same period of previous year. On the other hand, 1,006 trips (2009: 711 trips) were made to Taiwan by the Chinese vessels over the same period, which is an increase of 41.49% over the same period of previous year. In total, 40.3 thousand trips (from 2001 to March 2009: 29.61 thousand trips) were made across the Taiwan Strait from 2001 to March 2010.

- b. Direct personnel links' statistics. There were 157.72 thousand people entered to Kinmen and Matsu (including foreigners, people of Taiwan and Mainland China) for the first three months of 2010. On the other hand, 159.24 thousand people (including foreigners, people of Taiwan and Mainland China) exited from Kinmen and Matsu during the same period. A total of 5.42 million people from 2001 to March 2010 have exited and entered between Taiwan and Mainland China via Kinmen and Matsu.

2. Foreign Investment in Mainland China

According to Ministry of Commerce of the People's Republic of China statistics, since Mainland China adopted open door policy in 1979, a total of 688.69 thousand contracted foreign investment projects had been accrued up to the end of March 2010. During the first three months of 2010, there were 5.46 thousand foreign direct investment projects. For realized foreign direct investment, there were US\$ 966.09 billion from 1979 to the end of March 2010. For the first three months of 2010, realized foreign direct investment reached US\$23.44 billion, an increase of 7.65% comparing to the same period of last year. During the first three months of 2010, from Hong Kong & Macao reached US\$12.37 billion, accounting for 52.77% of total realized foreign direct investment, followed by the British Virgin Islands with US\$2.15 billion or 9.17%, Singapore with US\$1.23 billion or 5.24%, Japan with US\$1.02 billion or 4.36%, USA with US\$943 million or 4.02%, Cayman Islands with US\$641 million or 2.73%, Taiwan with US\$583 million or 2.48% and so on.

3. Comparison of Taiwan and Mainland China Market Shares in US and Japan

While the Taiwan manufacturers' investments in Mainland China increased, the market share of Taiwan products in US has declined in recent years. As Mainland China fast becoming the destination of foreign manufacturing investments, the products' market share of Mainland China in the US has been on the upside during 2000-2007. In the first three months of 2010, US imports from Taiwan and

a decrease of 0.1 percentage points from 1.82% at the end of 2009, and a decrease of 2.01 percentage points from 19.03% correspondingly. On the same token, as the Taiwanese manufacturing base migrated to China, Taiwanese products' market share in Japan declined whereas products made in Mainland China increased during 2000-2005. In the first three months of 2010, Japan imports from Taiwan and Mainland China accounted for 3.45%, and 20.86% of its total imports, an increase of 0.12 percentage points from 3.33% at the end of 2009, and a decrease of 1.39 percentage points from 22.25% in correspondence.