

Brief Summary

1. Leading Cross-Strait Economic Exchange Indicators

(1) Cross-Strait Bilateral Trade

- a. According to the Hong Kong Customs Statistics, the value of Taiwan's trade with Mainland China via Hong Kong totaled US\$7.56 billion over the first eight months of 2002, a gain of 8.6% as compared to the same period of last year. Cross-strait bilateral trade accounted for 4.82%, and 1.97% of Taiwan's and Mainland China's total foreign trade, a gain of 0.26 percentage points from 4.56% at the end of 2001, and a decline of 0.09 percentage points from 2.06% at the end of 2001 respectively. Comparing the first eight months of 2002 with the same period of last year, Taiwan's exports to Mainland China via Hong Kong gain 10.7% to US\$6.45 billion, while imports from Mainland China via Hong Kong decline 1.8% to US\$1.11 billion. Exports to Mainland China accounted for 7.65% of Taiwan's total exports, gaining 0.48 percentage points from 7.17% at the end of 2001, while imports from Mainland China accounted for only 1.53% of Taiwan's total imports, decline 0.05 percentage points from 1.58%. Meanwhile, exports to Taiwan accounted for 0.55% of total Mainland China's exports, a decreasing of 0.09 percentage points from 0.64% at the end of 2001, on the other hand, imports from Taiwan accounted for 3.53% of Mainland China's total imports, decreasing 0.09 percentage points from 3.62%.

- b. Comparing the statistical data officially released by Taiwan and Hong Kong, it was apparent that the figure released by the Taiwan Customs Statistics in the value of "Taiwan exports to Hong Kong" is greater than that of "Hong Kong imports from Taiwan" published by Hong Kong Customs Statistics. As a result, if one only considers the figures of Hong Kong Customs Statistics, cross-strait bilateral trade would be underestimated. If the difference of the two respective figures is accounted as that of Taiwan's exports to Mainland China, and imports figure by Taiwan Customs Statistics is used, then total cross strait trade value the first eight months of 2002 is estimated to be US\$21.84 billion in which Taiwan's exports to Mainland China amounted to US\$16.94 billion while imports from Mainland China reached US\$4.90 billion. Accordingly, Taiwan's trade with Mainland China would account for 13.91% of Taiwan's total foreign trade during the first eight months of 2002, with exports to China accounting for 20.08% of Taiwan's total exports and imports from Mainland China accounting for 6.75% of Taiwan's total imports.

(2) Taiwan Investment in Mainland China

According to the Investment Commission, MOEA, Taiwan, during the first eight months of 2002, the number of approved foreign investment (including investment to Mainland China) totaled 2,114 cases and accrued US\$5.01 billion, in which US\$3.02 billion was approved for investment in Mainland China. Mainland China has attracted 60.27% of Taiwan's total foreign investment such that it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated 25,663 cases from 1991 to the end of August 2002, which totaled US\$22.91 billion. A total of 1,503 cases of indirect investment to Mainland China were approved during the first eight months of 2002, which totaled US\$3.02 billion. Taiwan's investment mainly concentrated in the areas such as Jiangsu, Guangdong, Zhejiang, Fujian, Hebei and etc. The amount of investment in those areas were as in the following sequence: US\$1,595.6 million, accounting for 52.85% of total indirect investments, US\$690.5 million for 22.87%, US\$272.0 million for 9.01%, US\$170.8 million for 5.66% and US\$152.1 million for 5.04%. Investment was distributed among electronics and electric appliances industry, with investment of US\$1,344.1 million and accounting for 44.52% of total indirect investment, basic metals and metal products with US\$254.8 million and for 8.44%, plastic products with US\$173.5 million and for 5.75%, chemicals with US\$137.6 million and for 4.56%, precision instruments with US\$126.9 million and for 4.20%.

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

As compared to the same period of last year, Taiwan indirect individual remittance to Mainland China increased 38.90% to US\$615.72 million during the first eight months of 2002, with a total of 155,175 remittance cases. At the same time, mails to Mainland China gain 64.60% to 5,350,973 while mails from Mainland China decreased 19.71% to 4,646,009. Still, mails from Taiwan outnumbered from Mainland China. Telephone calls to Mainland China decline 2.5% to 85,298,735 calls, with a total of 283,432,344 minutes during the first eight months of 2002, while calls from Mainland China decline 8.8% to 53,699,970 calls, with a total of 191,928,901 minutes from January to August. The average time per call to and from Mainland China was 3.3 and 3.6 minutes respectively.

(4) Visits of Taiwan 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 eight months of 2002

totaled 2.45 million, an gain of 3.97% as compared to the same period of last year. Cumulative figure from 1988 to the end of August 2002 showed that there were 26.26 million persons traveled to Mainland China.

2. Foreign Investment in Mainland China

According to the report by the Ministry of Foreign Trade and Economic Cooperation, Mainland China, 21,470 foreign direct investment projects, totaling US\$62.31 billion, were approved during the first eight months of 2002, a 42.42% increase comparing to the same period of last year. Since Mainland China adopted open door policy in 1979, a total of 411,495 contracted foreign investment projects had been accrued up to the end of August 2002, with value reaching US\$807.60 billion. From January to June of 2002, investment from Hong Kong & Macao reached US\$12.57 billion, which accounted for 28.57% of total contracted foreign direct investment. Investment from the Virgin Islands and the Taiwan amounted to US\$6.06 billion and US\$4.36 billion respectively, accounting for 13.77% and 9.92% of total contracted foreign direct investment. Following in sequence was investment from USA, Japan and Korea, reaching US\$4.36 billion, US\$3.15 billion and US\$2.79 billion respectively and accounting for 9.90%, 7.15%, and 6.34%. During the first eight months of 2002, realized foreign direct investment reached US\$34.44 billion, an increase of 25.52% compared to the previous year. From 1979 to the end of August 2002, realized investment totaled US\$427.95 billion. From January to June of 2002, realized investment from Hong Kong & Macao reached US\$8.36 billion, accounting for 34.02% of total realized foreign direct investment, followed by the Virgin Islands with US\$2.70 billion or 10.99%, US with US\$2.45 billion or 9.99%, Japan with US\$2.05 billion or 8.32%, Taiwan with US\$1.92 billion or 7.83%, Korea with US\$1.30 billion or 5.31%, and so on.

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

US imports from Taiwan and Mainland China separately accounted for 2.82%, and 10.23% of its total imports during the first eight months of 2002, a decrease of 0.10 percentage points from 2.92% at the end of 2001, and a gain of 1.27 percentage points from 8.96% correspondingly. During the same period, Japan imports from Taiwan and Mainland China accounted for 4.18%, and 17.82% of its total imports, a gain of 0.12 percentage points from 4.06% at the end of 2001 and a gain of 1.25 percentage points from 16.57% in correspondence.