

Brief Summary

Mainland China's economic performance in April 2013 was sluggish as well as April PMI decreased 0.3 percentage points from that in March, which led to a poor Taiwan's export to Mainland China with a growth rate of 2.4% from Jan-Apr 2013. However, Mainland China was benefit from improving U.S. economy and Euro fiscal problem, thus Mainland China's export increased 17.4% yoy from Jan-Apr 2013. The major cross-strait economic exchange indicators and foreign investment in Mainland China below will provide more in details.

1. Major Cross-Strait Economic Exchange Indicators

(1) Overview of Cross-Strait Trade Activities

- a. By referring to Taiwan Customs statistics, the estimated value of total cross-strait bilateral trade is US\$40.1 billion in Jan-Apr 2013 with a rise of 2.8% Year-On-Year. The value for Taiwan exporting to Mainland China has increased by 2.4% Year-On-Year to US\$26.3 billion while the value that imports from Mainland China has also risen by 3.5% Year-On-Year to US\$13.8 billion.
- b. In Jan-Apr 2013, Taiwan's trade with Mainland China accounted for 21.3% of Taiwan's total foreign trade with a decline of 0.7 percentage points from 22.0% at the end of 2012. Exports to Mainland China accounted for 26.9% of Taiwan's total exports, a decrease of 0.1 percentage points from 27.0% at the end of 2012, while imports from Mainland China accounted for 15.2% of Taiwan's total imports with a decrease of 0.9 percentage points from 16.1% at the end of 2012.

(2) Taiwan Investment in Mainland China

According to the Investment Commission, MOEA, Taiwan, the number of approved foreign investment totaled to 327 cases with the value of US\$5.9 billion, in which US\$4.2 billion was approved to invest in Mainland China in Jan-Apr 2013. Mainland China has attracted 71.0% of Taiwan's total foreign investment where it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated to 40,411 cases from 1991 to the end of April 2013 with a value of US\$128.6 billion, which is 62.9% of Taiwan's total foreign investment. A total of 203 cases for the investment in Mainland China were approved in Jan-Apr 2013 with a rise of 20.5% Year-On-Year, while the total value of approved investment in Mainland China

stands at US\$4.2 billion with a rise of 15.7% Year-On-Year. Taiwan's investments mainly located in Shanghai, Jiangsu, Guangdong, Fujian and other areas in Mainland China with the investment values of US\$1.7 billion (40.0% of total investments), US\$1.0 billion (23.7%), US\$0.4 billion (10.5%), and US\$0.2 billion (5.4%) respectively. Investments were distributed among finance and insurance sector with US\$ 1.3 billion (31.5% of total direct investment), computers, electronic and optical products manufacturing with US\$0.6 billion (14.2%), electronic parts and components manufacturing with investment with US\$0.5 billion (10.8%), and wholesale and retail trade with US\$0.4 billion (10.2%).

(3) Mainland China Investment in Taiwan

According to the Investment Commission, MOEA, Taiwan, the number of approved Mainland China investment in Taiwan totaled to 44 cases with the amount of US\$0.2 billion in Jan-Apr 2013. The number of approved Mainland China investment in Taiwan totaled to 386 cases with the amount of US\$0.7 billion from June, 2009 to April, 2013, where mainly distributed in harbor port services, banking services, wholesale and retail trade, and accommodation services. The investment amounts for above industries are US\$139.1 million (19.7% of total amount), US\$138.3 million (19.5%), US\$104.1 million (14.7%), and US\$64.9 million (9.2%), respectively.

(4) Cross-Strait Remittance

All Taiwan's bank remittances to and from Mainland China have shown a persisted growing pattern except for the year of 2009. The remittances to Mainland China have increased by 12.9% Year-On-Year to US\$91.1 billion in 1Q13. Meanwhile, the remittances from Mainland China to Taiwan totaled to US\$48.0 billion with an increase of 7.9 % Year-On-Year.

(5) Taiwan Visitors to Mainland China

According to the China National Tourism Administration, the number of Taiwan tourists to Mainland China in Jan-Apr 2013 totaled to 1.7 million visitors with a reduction of 3.4% Year-On-Year. The number of Taiwan tourists to Mainland China from 1987 to the end of April 2013 totaled to 73.3 million visitors.

(6) Mainland China Visitors to Taiwan

The poll of Mainland China residents visit to Taiwan for tourism has been more than

those visits to Taiwan for economic and trade activities since 2003. According to Taiwan National Immigration Agency statistics, there have been 973 thousands Chinese visitors from Mainland China in Jan-Apr 2013 with an increase of 18.1%. Among these, 39 thousands visitors to Taiwan for economic and trade related activities with an increase of 6.8%, and 793 thousands visitors to Taiwan for tourism with an increase 18.3% Year-On-Year. In total, there have been 10 million Chinese visitors to Taiwan from 1987 to the end of April 2013.

(7) The Kinmen and Matsu Mini-Three Links Breakdowns (K-M mini three links)

- a. Direct transport links' statistics. The Taiwanese vessels made 2,111 trips to Mainland China in Jan-Apr 2013, which shows a reduction of 8.1% Year-On-Year. Meanwhile, 1,532 trips to Taiwan by the Chinese vessels have shown an increase of 20.3% Year-On-Year. In total, 76.3 thousand trips were made across the Taiwan Strait from 2001 to the end of April 2013.
- b. 222 thousands visitors (including foreigners, residents of Taiwan and Mainland China) arrived to Kinmen and Matsu in Jan-Apr 2013. And, 223 thousands visitors (including foreigners, residents of Taiwan and Mainland China) departed from Kinmen and Matsu in the same period. A total of 10.0 million visitors from 2001 to the end of April 2013 have arrived and departed from Taiwan and Mainland China via K-M mini three links.

2. Foreign Investment in Mainland China

According to the Ministry of Commerce of Mainland China statistics, a total of 770 thousands approved foreign investment projects had been accrued up to April 2013 since Mainland China adapted opening policy in 1979. In Jan-Apr 2013, there were 6,687 approved foreign direct investments in Mainland China. For realized foreign direct investment, there were US\$1,314.5 billion from 1979 to the end of April 2013. In Jan-Apr 2013, realized foreign direct investment reached to US\$38.3 billion. In Jan-Feb 2013, Hong Kong & Macao reached to US\$10.5 billion or accounting for 59.8% of total realized foreign direct investments, followed by Japan with US\$1.3 billion or 7.3%, Singapore with US\$1.1 billion or 6.0%, and the British Virgin Islands with US\$0.9 billion or 5.4%.

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

In January and February 2013, U.S. imported from Taiwan and Mainland China respectively accounted for 1.7% and 19.7% of its total imports with unchanged figure

from end of 2012. Abe's cabinet proposed an economic stimulation plan with value of JPY\$ 20 trillion and further QE policy in January 2013; this led to a positive impact to Japan's economy. On the other hand, the depreciation in JPY affected Taiwan and Mainland China's exports to Japan. In Jan-Apr 2013, Japan imported from Taiwan and Mainland China respectively accounted for 2.7% and 20.6% of its total imports with a decline of 0.1 and 0.2 percentage points from 2.8% and 20.8% at the end of 2012.

4. The Implementation of ECFA Early Harvest Program

The number of approved certificates of origin in January-April 2013 totaled to 24,727 cases with the total amount of US\$ 3.8 billion. According to the accumulated statistics to April 2013, Taiwan's Financial Supervisory Commission has approved 13 Taiwan's banks open branches in Mainland China, in which 10 banks have started their business and 6 banks established representative offices in Mainland China. In addition, one of the six representative offices was allowed to have its branch in Mainland China. In insurance industry, Taiwan's Financial Supervisory Commission has approved 9 Taiwan's insurance companies participate the equity in Mainland China, and 6 insurance companies has started the businesses and established 15 representative offices among these 9 approved Taiwan's insurance companies. Taiwan's Financial Supervisory Commission has also approved the permissions for the Mainland Chinese Bank to set up the branches and 2 representative offices in Taipei. One of the representative offices is allowed to have another branch in Taiwan.