

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 four months of 2009 is US\$22.22 billion (2008: US\$36.39 billion), a decline of 38.95% as compared to the same period of last year, in which Taiwan's exports to Mainland China decrease 39.40% to US\$15.81 billion (2008: US\$26.09 billion) while imports from Mainland China decrease 37.82% to US\$6.41 billion (2008: US\$10.30 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\$27.90 billion over the first four months of 2009, exports to Hong Kong and Mainland China were US\$21.24 billion, while imports from Hong Kong and Mainland China were US\$6.66 billion).
- b. As estimated above, the significant increase is on the total foreign trade of China to Taiwan during 2000-2008. In the first four months of 2009, Taiwan's trade with Mainland China accounted for 22.19% of Taiwan's total foreign trade, an increase of 0.96 percentage points comparing to 21.23% at the end of 2008. Exports to Mainland China accounted for 28.56% of Taiwan's total exports, a decrease of 0.38 percentage points from 28.94% at the end of 2008, while imports from Mainland China accounted for 14.31% of Taiwan's total imports, an increase of 1.26 percentage points from 13.05% at the end of 2008. (If the trade of Taiwan with Hong Kong is included, Taiwan's trade with Hong Kong and Mainland China accounted for 27.86% of Taiwan's total foreign trade during the first four months of 2009. Exports to Hong Kong and Mainland China accounted for 38.36% of Taiwan's total exports, while imports from Hong Kong and Mainland China accounted for 14.87% 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\$5.45 billion (2008: US\$7.65 billion) over the first four months of 2009, a loss of 28.69% as compared to the same period of last year. In which, Taiwan's exports to Mainland China via Hong Kong decreased 29.64% to US\$4.72 billion (2008: US\$6.70 billion), while

imports from Mainland China via Hong Kong decreased 21.96% to US\$735.7 million (2008:US\$942.8 million). According to Hong Kong Custom statistics, cross-strait bilateral trade accounted for 5.45% of Taiwan's total foreign trade during the first four months of 2009, a gain of 0.82 percentage points from 4.63% at the end of 2008. Exports to Mainland China accounted for 8.52% of Taiwan's total exports, an increase of 0.68 percentage points from 7.84% at the end of 2008, while imports from Mainland China accounted for 1.64% of Taiwan's total imports, an increase of 0.41 percentage points from 1.23% at the end of 2008.

(2) Taiwan Investment in Mainland China

According to the Investment Commission, MOEA, Taiwan, during the first four months of 2009, the number of approved foreign investment (including investment to Mainland China and the registered number which unregistered previously) totaled 180 cases and accrued US\$1.76 billion, in which US\$1.21 billion was approved for investment in Mainland China. Mainland China has attracted 68.64% of Taiwan's total foreign investment such that it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated 37,280 cases from 1991 to the end of April 2009, which totaled US\$76.77 billion. A total of 99 cases (including the registered number which unregistered previously) of direct investment to Mainland China were approved during the first four months of 2009, which totaled, with 76.44% decrease over the same period in previous year. Taiwan's investment mainly concentrated in the areas of Mainland China, such as Kiangsu, Canton, Shanghai, Chekiang, Shantung and so on. The amount of investment in those areas were as in the follows respectively: US\$408 million, accounting for 33.87% of total direct investments, US\$306 million for 25.39%, US\$198 million for 16.46%, US\$48 million for 4.01% and US\$43 million for 3.59%. Investment was distributed among electronic parts and components manufacturing with investment of US\$286 million, accounting for 23.70% of total direct investment, computers, electronic and optical products manufacturing with US\$165 million for 13.73%, wholesale and retail trade with US\$113 million for 9.36%, electrical equipment manufacturing with US\$90 million for 7.47%, and food manufacturing with US\$83 million for 6.86%.

(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. As compared to the same period of last year, remittance to

Mainland China decreasing 16.20 % to US\$51.94 billion (2008: US\$61.99 billion) during the first four months of 2009. At the same time, remittance from Mainland China to Taiwan totaled US\$32.09 billion (2008: US\$35.89 billion), which is a decrease of 10.60%.

- b.** There have been more letters posted from Mainland China to Taiwan than the other way round since 2006. In the first four months of 2009, mails to Mainland China decreased 19.17% to 1.31 million (2008:1.62 million) while mails from Mainland China decreased 11.58% to 1.73 million (2008:1.96 million). The communication time by phone from Taiwan to China always are longer than the other way around. Telephone calls to Mainland China decreasing 9.1% to 469.95 million minutes (2008:516.76 million minutes), with a total of 127.92 million calls during the first four months of 2009, while calls from Mainland China decreasing 2.0% to 228.74 million minutes (2008:233.44 million minutes), with a total of 92.91 million calls. The average time per call to and from Mainland China was 3.7 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 four months of 2009 totaled 1.43 million (2008:1.45 million), and a decrease of 1.62 % as compared to the same period of last year. Cumulative figure from 1987 to the end of April 2009 showed that there were 52.85 million persons traveled to Mainland China.

(5) Chinese visitors to Taiwan

There have been 356.48 thousand (2008:72.90 thousand) people from China visiting Taiwan for the first four months of 2009, which is an increase of 389.04 % over the same period in previous year. Among these, 22.07 thousand (2008:8.18 thousand) people were traveling for economics and trade related activities, which represents a 169.92% increase over the same period in previous year. The number of tourists however, has increased by 875.15% over the same period in previous year to 191.89 thousand (2008: 19.68 thousand) persons. In total, there has been 2.51 million (from 1987 to April 2008:1.94 million) Chinese people visiting Taiwan from 1987 to April 2009.

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

- a. Direct transport links' statistics. Taiwanese vessels made 2,306 trips (2008: 1,402 trips) to Mainland China for the first four months of 2009, which marks an increase of 64.48% over the same period of previous year. On the other hand, 934 trips (2008: 849 trips) were made to Taiwan by the Chinese vessels over the same period, which is an increase of 10.01% over the same period of previous year. In total, 30.51 thousand trips (from 2001 to April 2008: 21.53 thousand trips) were made across the Taiwan Strait from 2001 to April 2009.
- b. Direct personnel links' statistics. There were 191.44 thousand (2008:114.49 thousand) Taiwanese traveled to Mainland China via Kinmen and Matsu for the first four months of 2009, which is an increase of 67.21% over the same period in previous year. On the other hand, 42.04 thousand (2008:13.30 thousand) Chinese traveled to Kinmen and Matsu during the same period, which is an increase of 216.22% over the same period in previous year. A total of 2.11 million (from 2001 to April 2008:1.48 million) travelers from 2001 to April 2009 have traveled between Taiwan and 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 666.04 thousand contracted foreign investment projects had been accrued up to the end of April 2009. During the first four months of 2009, there were 6.24 thousand foreign direct investment projects. For realized foreign direct investment, there were US\$ 880.28 billion from 1979 to the end of April 2009. For the first four months of 2009, realized foreign direct investment reached US\$27.67 billion, a decrease of 20.98% comparing to the same period of last year. In which, from Hong Kong & Macao reached US\$13.02 billion, accounting for 47.05% of total realized foreign direct investment, followed by the British Virgin Islands with US\$3.72 billion or 13.45%, Singapore with US\$1.36 billion or 4.90%, Japan with US\$1.30 billion or 4.70%, Cayman Islands with US\$1.03 billion or 3.71%, USA with US\$899 million or 3.25%, Taiwan with US\$496 million or 1.79% 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 four months of 2009, US imports from Taiwan and

Mainland China respectively accounted for 1.89%, and 18.39% of its total imports, an increase of 0.16 percentage points from 1.73% at the end of 2008, and an increase of 2.31 percentage points from 16.08% 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 four months of 2009, Japan imports from Taiwan and Mainland China accounted for 3.02%, and 22.44% of its total imports, an increase of 0.16 percentage points from 2.86% at the end of 2008 and an increase of 3.65 percentage points from 18.79% in correspondence.