

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 two months of 2009 is US\$9.20 billion (2008: US\$16.22 billion), a decline of 43.29% as compared to the same period of last year, in which Taiwan's exports to Mainland China decrease 44.59% to US\$6.47 billion (2008: US\$11.68 billion) while imports from Mainland China decrease 39.95% to US\$2.73 billion (2008: US\$4.54 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\$11.56 billion over the first two months of 2009, exports to Hong Kong and Mainland China were US\$8.73 billion, while imports from Hong Kong and Mainland China were US\$2.83 billion).
- b. As estimated above, the significant increase is on the total foreign trade of China to Taiwan during 2000-2008. In the first two months of 2009, Taiwan's trade with Mainland China accounted for 20.51% of Taiwan's total foreign trade, a decrease of 0.72 percentage points comparing to 21.23% at the end of 2008. Exports to Mainland China accounted for 25.92% of Taiwan's total exports, a decrease of 3.02 percentage points from 28.94% at the end of 2008, while imports from Mainland China accounted for 13.71% of Taiwan's total imports, an increase of 0.66 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 25.78% of Taiwan's total foreign trade during the first two months of 2009. Exports to Hong Kong and Mainland China accounted for 34.97% of Taiwan's total exports, while imports from Hong Kong and Mainland China accounted for 14.24% 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\$2.26 billion (2008: US\$3.59 billion) over the first two months of 2009, a loss of 37.1% as compared to the same period of last year. In which, Taiwan's exports to Mainland China via Hong Kong decreased 38.6% to US\$1.94 billion (2008: US\$3.16 billion), while

imports from Mainland China via Hong Kong decreased 26.2% to US\$316 million (2008:US\$428.6 million). According to Hong Kong Custom statistics, cross-strait bilateral trade accounted for 5.03% of Taiwan's total foreign trade during the first two months of 2009, a gain of 0.40 percentage points from 4.63% at the end of 2008. Exports to Mainland China accounted for 7.77% of Taiwan's total exports, a decrease of 0.07 percentage points from 7.84% at the end of 2008, while imports from Mainland China accounted for 1.59% of Taiwan's total imports, an increase of 0.36 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 two months of 2009, the number of approved foreign investment (including investment to Mainland China and the registered number which unregistered previously) totaled 83 cases and accrued US\$759 million, in which US\$567 million was approved for investment in Mainland China. Mainland China has attracted 74.63% of Taiwan's total foreign investment such that it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated 37,232 cases from 1991 to the end of February 2009, which totaled US\$76.13 billion. A total of 51 cases (including the registered number which unregistered previously) of direct investment to Mainland China were approved during the first two months of 2009, which totaled, with 70.09% decrease over the same period in previous year. Taiwan's investment mainly concentrated in the areas of Mainland China, such as Kiangsu, Canton, Shanghai, Shantung, Chekiang and so on. The amount of investment in those areas were as in the follows respectively: US\$183 million, accounting for 32.33% of total direct investments, US\$145 million for 25.62%, US\$92 million for 16.28%, US\$25 million for 4.40% and US\$19 million for 3.33%. Investment was distributed among electronic parts and components manufacturing with investment of US\$143 million, accounting for 25.26% of total direct investment, food manufacturing with US\$78 million for 13.73%, wholesale and retail trade with US\$68 million for 11.93%, electrical equipment manufacturing with US\$48 million for 8.54%, and machinery and equipment manufacturing with US\$44 million for 7.83%.

(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 14.7% to US\$24.88 billion (2008: US\$29.17

billion) during the first two months of 2009. At the same time, remittance from Mainland China to Taiwan totaled US\$14.40 billion (2008: US\$16.60 billion), which is a decrease of 13.26%.

- b. There have been more letters posted from Mainland China to Taiwan than the other way round since 2006. In the first two months of 2009, mails to Mainland China decreased 18.31% to 673.50 thousand (2008:824.44 thousand) while mails from Mainland China decreased 16.68% to 924.05 thousand (2008:1.11 million). The communication time by phone from Taiwan to China always are longer than the other way around. Telephone calls to Mainland China decreasing 12.0% to 241.47 million minutes (2008:274.54 million), with a total of 62.93 million calls during the first two months of 2009, while calls from Mainland China decreasing 7.8% to 110.81 million minutes (2008:120.23 million minutes), with a total of 45.31 million calls. The average time per call to and from Mainland China was 3.8 and 2.4 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 two months of 2009 totaled 678.5 thousand (2008:700.93 thousand), and a decrease of 3.19% as compared to the same period of last year. Cumulative figure from 1987 to the end of February 2009 showed that there were 52.10 million persons traveled to Mainland China.

(5) Chinese visitors to Taiwan

There have been 76.32 thousand (2008:36.86 thousand) people from China visiting Taiwan for the first two months of 2009, which is an increase of 107.07% over the same period in previous year. Among these, 6.92 thousand (2008:3.57 thousand) people were traveling for economics and trade related activities, which represents a 94.06% increase over the same period in previous year. The number of tourists however, has increased by 177.66% over the same period in previous year to 36.3 thousand (2008: 13.08 thousand) persons. In total, there has been 2.23 million (from 1987 to February 2008:1.90 million) Chinese people visiting Taiwan from 1987 to February 2009.

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

- a. Direct transport links' statistics. Taiwanese vessels made 1,044 trips (2008:633 trips) to Mainland China for the first two months of 2009, which marks an increase of 64.93% over the same period of previous year. On the other hand, 458 trips (2008:403 trips) were made to Taiwan by the Chinese vessels over the same period, which is an increase of 13.65% over the same period of previous year. In total, 28.78 thousand trips (from 2001 to February 2008: 20.31 thousand trips) were made across the Taiwan Strait from 2001 to February 2009.
- b. Direct personnel links' statistics. There were 92.6 thousand (2008:58.99 thousand) Taiwanese traveled to Mainland China via Kinmen and Matsu for the first two months of 2009, which is an increase of 56.95% over the same period in previous year. On the other hand, 10 thousand (2008:6.91 thousand) Chinese traveled to Kinmen and Matsu during the same period, which is an increase of 45.05% over the same period in previous year. A total of 1.98 million (from 2001 to February 2008:1.41 million) travelers from 2001 to February 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 662.56 thousand contracted foreign investment projects had been accrued up to the end of February 2009. During the first two months of 2009, there were 2.76 thousand foreign direct investment projects. For realized foreign direct investment, there were US\$ 865.99 billion from 1979 to the end of February 2009. For the first two months of 2009, realized foreign direct investment reached US\$13.37 billion, a decrease of 26.23% comparing to the same period of last year. In which, from Hong Kong & Macao reached US\$6.40 billion, accounting for 47.85% of total realized foreign direct investment, followed by the British Virgin Islands with US\$1.93 billion or 14.45%, Singapore with US\$806 million or 6.03%, Japan with US\$576 million or 4.31%, Korea with US\$423 million or 3.16%, Cayman Islands with US\$334 million or 2.5%, Taiwan with US\$225 million or 1.68% 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

2000-2008. In the first two months of 2009, US imports from Taiwan and Mainland China respectively accounted for 1.91%, and 18.85% of its total imports, an increase of 0.18 percentage points from 1.73% at the end of 2008, and an increase of 2.77 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 two months of 2009, Japan imports from Taiwan and Mainland China accounted for 2.97%, and 21.24% of its total imports, an increase of 0.11 percentage points from 2.86% at the end of 2008 and an increase of 2.45 percentage points from 18.79% in correspondence.