

# 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, Taiwanese 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 2005 is US\$9.78 billion, in which Taiwan's exports to Mainland China amounted to US\$7.01 billion while imports from Mainland China reached US\$2.78 billion.
- b. As aforementioned estimate, the significance of China to Taiwan in terms of total foreign trade is on the increase. Taiwan's trade with Mainland China would account for 18.3% of Taiwan's total foreign trade during the first two months of 2005, an increase of 0.27 percentage points comparing to last year's growth of 18.03%. With exports to China accounting for 25.87% of Taiwan's total exports, and imports from Mainland China accounting for 10.53% 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\$2.59 billion over the first two months of 2005, a gain of 17% as compared to the same period of last year. Comparing the first two months of 2005 with last year, Taiwan's exports to Mainland China via Hong Kong gain 21.5% to US\$2.24 billion, while imports from Mainland China via Hong Kong decrease 5.1% to US\$354 million.
- d. According to Hong Kong Custom Statistics, trade between Taiwan and China via Hong Kong has been on the decrease in recent years. Cross-strait bilateral trade accounted for 4.84% of Taiwan's total foreign trade during the first two months of 2005, a loss of 0.2 percentage points from 5.04% at the end of 2004. Exports to Mainland China accounted for 8.25% of Taiwan's total exports, a loss of 0.23 percentage points from 8.48% at the end of 2004, while imports from Mainland China accounted for only 1.34% of Taiwan's total imports, decreasing 0.14 percentage points from 1.48%.

### (2) Taiwan Investment in Mainland China

According to the Investment Commission, MOEA, Taiwan, during the first two months of 2005, the number of approved foreign investment (including investment

to Mainland China) totaled 259 cases and accrued US\$1.05 billion, in which US\$692 million was approved for investment in Mainland China. Mainland China has attracted 66.25% of Taiwan's total foreign investment such that it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated 33,314 cases from 1991 to the end of February 2005, which totaled US\$41.94 billion. A total of 159 cases of direct investment to Mainland China were approved during the first two months of 2005, which totaled US\$692 million, with 60.84% decrease over the same period in previous year. Taiwan's investment mainly concentrated in the areas such as Jiangsu, Guangdong, Zhejiang, Hebei, Fujian and etc. The amount of investment in those areas were as in the following sequence: US\$379 million, accounting for 54.76% of total direct investments, US\$170 million for 24.55%, US\$45 million for 6.53%, US\$31 million for 4.43% and US\$21 million for 3.06%. Investment was distributed among Electronic and Electric Appliances, with investment of US\$294 million and accounting for 42.45% of total direct investment, Chemicals with US\$62 million and for 8.97%, Precision Instruments with US\$51 million and for 7.43%, Basic Metals & Metal Products with US\$48 million and for 6.98%, Non-Metallic Minerals with US\$43 million and for 6.14%.

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

- a. Remittance from Taiwan individual to China has been on the increase. As compared to the same period of last year, Taiwan indirect individual remittance to Mainland China gaining 42.5% to US\$383.14 million during the first two months of 2005, with a total of 69,778 remittance cases. From January to February, remittance from Mainland China to Taiwan totaled US\$ 2.95 billion, which is an increase of 104.53% over the same period in previous year, with 28,083 remittance cases.
- b. There have been more letters posted from Taiwan to China than the other way round. Mails to Mainland China increased 63.91% to 2,347,948 while mails from Mainland China increased 7.97 % to 1,226,808 during the first two months of 2005. At the same time, the more phone calls were made from Taiwan to China than the other way around. Telephone calls to Mainland China gaining 41.0% to 52,203,452 calls, with a total of 232,013,637 minutes during the first two months of 2005, while calls from Mainland China increasing 87.9% to 40,104,295 calls, with a total of 138,148,914 minutes. The average time per call to and from Mainland China was 4.4 and 3.4 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 two months of 2005 totaled 616.9 thousand, and an increase of 22.12% as compared to the same period of last year. Cumulative figure from 1988 to the end of February 2005 showed that there were 34.5 million persons traveled to Mainland China.

#### **(5) Chinese visitors to Taiwan**

There has been 20,815 people from China visited Taiwan for the first two months of 2005, which is a decrease of 26.48% over the same period in previous year. Among these, 1,833 people were traveling for trade related activities, which represents a 1.21% increase over the same period in previous year. Number of tourists however, has increased by 21.61% over the same period in previous year, to 2,983 persons. In total, there has been 1,147,446 Chinese people visited Taiwan from 1987 to February 2005.

#### **(6) Kimen's "Mini-Three Links" statistics**

- a. Direct transport links' statistics. Taiwanese vessels made 237 trips to China for the first two months of 2005, which marks an increase of 18.5% over the same period of previous year. 380 trips were made to Taiwan by the Chinese vessels over the same period, which is an increase of 63.09% over the same period of previous year. In total, 5,764 trips were made across the Taiwan Strait from 2001 to February 2005.
- b. Direct personnel links' statistics. 42,699 Taiwanese traveled to China via Kimen for the first two months of 2005, which is an increase of 88.77% over the same period in previous year. 2,380 Chinese traveled to Kimen and Matsu during the same period, which is an increase of 16.38% over the same period in previous year. A total of 387,593 travelers from 2001 to February 2005 have traveled between Taiwan and China via Kimen.

## **2. Foreign Investment in Mainland China**

According to the report by the Ministry of Commerce of the People's Republic of China, The cheap labor cost and its immense domestic market potential has been pulling-in foreign direct investments to China. According to Ministry of Commerce of the People's Republic of China statistics, 5,444 foreign direct investment projects, totaling US\$20.05 billion, were approved during the first two months of 2005, a 6.15% increase comparing to last year. Since Mainland China

adopted open door policy in 1979, a total of 514,385 contracted foreign investment projects had been accrued up to the end of February 2005, with value reaching US\$1,116.7 billion. From January to December of 2004, investment from Hong Kong & Macao reached US\$52.03 billion, which accounted for 33.9% of total contracted foreign direct investment. Investment from the British Virgin Islands and the Korea amounted to US\$19.4 billion and US\$13.91 billion respectively, accounting for 12.64% and 9.06% of total contracted foreign direct investment. Following in sequence was investment from USA, Taiwan and Japan, reaching US\$12.17 billion, US\$9.31 billion and US\$9.16 billion respectively and accounting for 7.93%, 6.06%, and 5.97%. During the first two months of 2005, realized foreign direct investment reached US\$7.97 billion, an increase of 8.21%, and 39.7% were materialized compared to the previous year. From 1979 to the end of February 2005, realized investment totaled US\$570.07 billion. From January to December of 2004, realized investment from Hong Kong & Macao reached US\$19.55 billion, accounting for 32.24% of total realized foreign direct investment, followed by the British Virgin Islands with US\$6.73 billion or 11.1%, Korea with US\$6.25 billion or 10.31%, Japan with US\$5.45 billion or 8.99%, US with US\$3.94 billion or 6.5%, Taiwan with US\$3.12 billion or 5.14%, and so on.

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

As the Taiwanese manufacturers' investments in China increases, Taiwanese products' market shares in the US has been on the decline in recent years. As China fast becoming the destination of foreign manufacturing investments, China's products' market shares in the US has been on the upside. For the first two months of 2005, US imports from Taiwan and Mainland China separately accounted for 2.25%, and 14.18% of its total imports during the first two month of 2005, a decrease of 0.11 percentage points from 2.36% at the end of 2004, and a gain of 0.8 percentage points from 13.38% correspondingly. On the same token, as the Taiwanese manufacturing base migrated to China, Taiwanese products' market shares in Japan has been on the decline whereas products made in China has been on the increase. During the first two months of 2005, Japan imports from Taiwan and Mainland China accounted for 3.65%, and 21.31% of its total imports, a decrease of 0.02 percentage points from 3.67% at the end of 2004 and a gain of 0.57 percentage points from 20.74% in correspondence.