

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 month of 2010 is US\$9.71 billion (2009: US\$4.10 billion), a gain of 136.6% as compared to the same period of last year, in which Taiwan's exports to Mainland China increase 154.3% to US\$7.03 billion (2009: US\$2.76 billion) while imports from Mainland China increase 100.3% to US\$2.68 billion (2009: US\$1.34 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\$12.40 billion over the first month of 2010, exports to Hong Kong and Mainland China were US\$9.54 billion, while imports from Hong Kong and Mainland China were US\$2.86 billion).
- b. As estimated above, the significant increase is on the total foreign trade of China to Taiwan during 2000-2008. In the first month of 2010, Taiwan's trade with Mainland China accounted for 23.68% of Taiwan's total foreign trade, an increase of 0.79 percentage points comparing to 22.89% at the end of 2009. Exports to Mainland China accounted for 32.33% of Taiwan's total exports, an increase of 1.85 percentage points from 30.48% at the end of 2009, while imports from Mainland China accounted for 13.93% of Taiwan's total imports, a decrease of 0.1 percentage points from 14.03% at the end of 2009. (If the trade of Taiwan with Hong Kong is included, Taiwan's trade with Hong Kong and Mainland China accounted for 30.25% of Taiwan's total foreign trade during the first month of 2010. Exports to Hong Kong and Mainland China accounted for 43.89% of Taiwan's total exports, while imports from Hong Kong and Mainland China accounted for 14.85% 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\$2.15 billion (2009: US\$1.11 billion) over the first month of 2010, an increase of 93.14% as compared to the same period of last year. In which, Taiwan's exports to Mainland China via Hong Kong increased 93.95% to US\$1.84 billion (2009: US\$949.8 million), while imports from Mainland China via Hong Kong increased 88.42% to US\$309.3 million (2009: US\$164.2 million).

- d. According to Hong Kong Custom statistics, cross-strait bilateral trade accounted for 5.25% of Taiwan's total foreign trade during the first month of 2010, a decline of 0.3 percentage points from 5.55% at the end of 2009. Exports to Mainland China accounted for 8.47% of Taiwan's total exports, a decrease of 0.38 percentage points from 8.85% at the end of 2009, while imports from Mainland China accounted for 1.61% of Taiwan's total imports, a decrease of 0.1 percentage points from 1.71% at the end of 2009.

(2) Taiwan Investment in Mainland China

According to the Investment Commission, MOEA, Taiwan, during the first month of 2010, the number of approved foreign investment (including investment to Mainland China and the registered number which unregistered previously) totaled 106 cases and accrued US\$877 million, in which US\$720.7 million was approved for investment in Mainland China. Mainland China has attracted 82.15% of Taiwan's total foreign investment such that it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated 37,859 cases from 1991 to the end of January 2010, which totaled US\$83.42 billion. A total of 88 cases (including the registered number which unregistered previously) of direct investment to Mainland China were approved during the first month of 2010, which totaled, with 113.04% increase over the same period in previous year. Taiwan's investment mainly concentrated in the areas of Mainland China, such as Kiangsu, Canton, Shanghai, Fukien, Chekiang, and so on. The amount of investment in those areas were as in the follows respectively: US\$292 million, accounting for 40.46% of total direct investments, US\$96 million for 13.28%, US\$81 million for 11.26%, US\$58 million for 8.07% and US\$44 million for 6.04%. Investment was distributed among electronic parts and components manufacturing with investment of US\$241 million, accounting for 33.44% of total direct investment, computers, electronic and optical products manufacturing with US\$77 million for 10.63%, electrical equipment manufacturing with US\$66 million for 9.19%, wholesale and retail trade manufacturing with US\$37 million for 5.19%, and food manufacturing with US\$32 million for 4.44%.

(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 during 2002-2008. As compared to the same period of last year, remittance to Mainland China increasing 65.74% to US\$18.82 billion (2009: US\$11.36 billion) during the first month of 2010. At the same time,

remittance from Mainland China to Taiwan totaled US\$10.85 billion (2009: US\$6.06 billion), which is an increase of 79.07%.

- b. There have been more letters posted from Mainland China to Taiwan than the other way round since 2006. In the first month of 2010, mails to Mainland China decreased 1.59% to 371.25 thousand (2009: 377.23 thousand) while mails from Mainland China decreased 14.86% to 490.79 thousand (2009: 576.47 thousand). The communication time by phone from Taiwan to China always are longer than the other way around. Telephone calls to Mainland China decreasing 0.33% to 126.46 million minutes (2009: 126.88 million minutes), with a total of 33.27 million calls during the first month of 2010, while calls from Mainland China decreasing 10.35% to 51.30 million minutes (2009:57.23 million minutes), with a total of 20.38 million calls. The average time per call to and from Mainland China was 3.8 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 month of 2010 totaled 370.5 thousand (2009: 302.9 thousand), which is an increase of 22.32% as compared to the same period of last year. Cumulative figure from 1987 to the end of January 2010 showed that there were 56.28 million persons traveled to Mainland China.

(5) Chinese visitors to Taiwan

There have been 85.49 thousand (2009:30.52 thousand) people from China visiting Taiwan for the first month of 2010, which is an increase of 180.13% over the same period in previous year. Among these, 10.24 thousand (2009:2.60 thousand) people were traveling for economics and trade related activities, which represents a 294.15% increase over the same period in previous year. The number of tourists however, has increased by 195.48% over the same period in previous year to 57.19 thousand (2009:19.36 thousand) persons. In total, there has been 3.30 million (from 1987 to January 2009:2.18 million) Chinese people visiting Taiwan from 1987 to January 2010.

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

- a. Direct transport links' statistics. Taiwanese vessels made 647 trips (2009: 535

trips) to Mainland China for the first month of 2010, which marks an increase of 20.93% over the same period of previous year. On the other hand, 307 trips (2009: 246 trips) were made to Taiwan by the Chinese vessels over the same period, which is an increase of 24.80% over the same period of previous year. In total, 38.73 thousand trips (from 2001 to January 2009: 28.05 thousand trips) were made across the Taiwan Strait from 2001 to January 2010.

- b. Direct personnel links' statistics. There were 46.41 thousand people entered to Kinmen and Matsu (including foreigners, people of Taiwan and Mainland China) for the first month of 2010. On the other hand, 50.52 thousand people (including foreigners, people of Taiwan and Mainland China) exited from Kinmen and Matsu during the same period. A total of 5.20 million people from 2001 to January 2010 have exited and entered between Taiwan and Mainland 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 685.10 thousand contracted foreign investment projects had been accrued up to the end of January 2010. During the first month of 2010, there were 1.87 thousand foreign direct investment projects. For realized foreign direct investment, there were US\$ 950.78 billion from 1979 to the end of January 2010. For the first month of 2010, realized foreign direct investment reached US\$8.13 billion, an increase of 7.79% comparing to the same period of last year. During the first month of 2010, from Hong Kong & Macao reached US\$3.99 billion, accounting for 49.09% of total realized foreign direct investment, followed by the British Virgin Islands with US\$710 million or 8.74%, Singapore with US\$482 million or 5.94%, Japan with US\$404 million or 4.97%, USA with US\$384 million or 4.73%, Cayman Islands with US\$375 million or 4.61%, Taiwan with US\$166 million or 2.04% 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 month of 2010, US imports from Taiwan and Mainland China respectively accounted for 1.90%, and 18.51% of its total imports, an increase of 0.08 percentage points from 1.82% at the end of 2009, and a decrease of

0.52 percentage points from 19.03% 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 month of 2010, Japan imports from Taiwan and Mainland China accounted for 3.54%, and 21.72% of its total imports, an increase of 0.21 percentage points from 3.33% at the end of 2009, and a decrease of 0.53 percentage points from 22.25% in correspondence.