

Brief Summary

1. Leading Cross-Strait Economic Exchange Indicators

(1) Cross-Strait Bilateral Trade

- a. According to the Hong Kong Customs Statistics, the value of Taiwan's trade with Mainland China via Hong Kong totaled US\$12.71 billion over the first eleven months of 2003, a gain of 16.00% as compared to the same period of last year. Cross-strait bilateral trade accounted for 5.20%, and 1.67% of Taiwan's and Mainland China's total foreign trade, a gain of 0.26 percentage points from 4.94% at the end of 2002, and a loss of 0.27 percentage points from 1.94% at the end of 2002 respectively. Comparing the first eleven months of 2003 with the same period of last year, Taiwan's exports to Mainland China via Hong Kong gain 14.4% to US\$10.77 billion, while imports from Mainland China via Hong Kong gain 25.70% to US\$1.95 billion. Exports to Mainland China accounted for 8.27% of Taiwan's total exports, gaining 0.37 percentage points from 7.90% at the end of 2002, while imports from Mainland China accounted for only 1.71% of Taiwan's total imports, gaining 0.19 percentage points from 1.52%. Meanwhile, exports to Taiwan accounted for 0.50% of total Mainland China's exports, decreasing 0.03 percentage points from 0.52%, on the other hand, imports from Taiwan accounted for 2.90% of Mainland China's total imports, decreasing 0.59 percentage points from 3.49%.

- b. Comparing the statistical data officially released by Taiwan and Hong Kong, it was apparent that the figure released by the Taiwan Customs Statistics in the value of "Taiwan exports to Hong Kong" is greater than that of "Hong Kong imports from Taiwan" published by Hong Kong Customs Statistics. As a result, if one only considers the figures of Hong Kong Customs Statistics, cross-strait bilateral trade would be underestimated. In addition, Taiwan has changed the policy and strategy for cross-strait bilateral trade since in Feb. 2002, and promoted exporters to be honest to write down China as their export goods' destination. Since the work did effect, in order to estimate cross-strait bilateral trade more precisely, the estimation formula has been changed since 2002, 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 eleven months of 2003 is US\$41.69 billion, in which Taiwan's exports to Mainland China amounted to US\$31.91 billion while imports from Mainland China reached US\$9.78 billion. Accordingly, Taiwan's trade with Mainland China would account for 17.07% of

Taiwan's total foreign trade during the first eleven months of 2003, with exports to China accounting for 24.51% of Taiwan's total exports and imports from Mainland China accounting for 8.57% of Taiwan's total imports.

(2) Taiwan Investment in Mainland China

According to the Investment Commission, MOEA, Taiwan, during the first eleven months of 2003, the number of approved foreign investment (including investment to Mainland China) totaled 2,280 cases and accrued US\$7.04 billion, in which US\$4.07 billion was approved for investment in Mainland China. Mainland China has attracted 57.76% of Taiwan's total foreign investment such that it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated 28,918 cases from 1991 to the end of November 2003, which totaled US\$30.68 billion. A total of 3,680 cases of direct investment to Mainland China were approved during the first eleven months of 2003, which totaled US\$7.17 billion. Taiwan's investment mainly concentrated in the areas such as Jiangsu, Guangdong, Zhejiang, Fujian, Hebei and etc. The amount of investment in those areas were as in the following sequence: US\$3,387.5 million, accounting for 47.25% of total direct investments, US\$1,948.9 million for 27.18%, US\$568.5 million for 7.93%, US\$476.0 million for 6.64% and US\$269.7 million for 3.76%. Investment was distributed among electronics and electric appliances industry, with investment of US\$2,067.0 million and accounting for 28.83% of total direct investment, basic metals and metal products with US\$688.2 million and for 9.60% , chemicals with US\$555.2 million and for 7.74%, precision instruments with US\$452.6 million and for 6.31%, non-metallic minerals with US\$429.6 million and for 5.99%.

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

As compared to the same period of last year, Taiwan indirect individual remittance to Mainland China increased 47.57% to US\$1,256.18 million during the first eleven months of 2003, with a total of 295,889 remittance cases. At the same time, mails to Mainland China gain 16.74% to 9,138,068 while mails from Mainland China decreased 10.00% to 5,518,899. Still, mails from Taiwan outnumbered from Mainland China. Telephone calls to Mainland China gaining 117.5% to 227,410,980 calls, with a total of 895,680,819 minutes during the first eleven months of 2003, while calls from Mainland China gaining 64.0% to 169,030,177 calls, with a total of 477,204,758 minutes from January to November. The average time per call to and from Mainland China was 3.9 and 2.8 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 eleven months of 2003 totaled 2.48 million, and decrease of 26.82% as compared to the same period of last year. Cumulative figure from 1988 to the end of November 2003 showed that there were 29.94 million persons traveled to Mainland China.

2. Foreign Investment in Mainland China

According to the report by the Ministry of Foreign Trade and Economic Cooperation, Mainland China, 36,616 foreign direct investment projects, totaling US\$100.50 billion, were approved during the first eleven months of 2003, a 37.08% increase comparing to the same period of last year. Since Mainland China adopted open door policy in 1979, a total of 460,812 contracted foreign investment projects had been accrued up to the end of November 2003, with value reaching US\$928.56 billion. From January to September of 2003, investment from Hong Kong & Macao reached US\$29.25 billion, which accounted for 36.94% of total contracted foreign direct investment. Investment from the Virgin Islands and the USA amounted to US\$8.66 billion and US\$7.28 billion respectively, accounting for 10.93% and 9.19% of total contracted foreign direct investment. Following in sequence was investment from Taiwan, Korea and Japan, reaching US\$5.91 billion, US\$5.84 billion and US\$5.69 billion respectively and accounting for 7.47%, 7.38%, and 7.18%. During the first eleven months of 2003, realized foreign direct investment reached US\$47.15 billion, an increase of 0.2% compared to the same period of last year. From 1979 to the end of November 2003, realized investment totaled US\$495.12 billion. From January to September of 2003, realized investment from Hong Kong & Macao reached US\$13.91 billion, accounting for 34.58% of total realized foreign direct investment, followed by the Virgin Islands with US\$4.69 billion or 11.66%, Japan with US\$3.67 billion or 9.11%, Korea with US\$3.22 billion or 8.01%, US with US\$3.09 billion or 7.67%, Taiwan with US\$2.58 billion or 6.41%, and so on.

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

US imports from Taiwan and Mainland China separately accounted for 2.50%, and 12.10% of its total imports during first eleven months of 2003, a decrease of 0.26 percentage points from 2.77% at the end of 2002, and a gain of 1.35 percentage points from 10.76% correspondingly. During the same period, Japan imports from Taiwan and Mainland China accounted for 3.73%, and 19.69% of its total imports, a decrease of 0.29 percentage points from 4.03% at the end of 2002 and a gain of 1.38 percentage points from 18.32% in correspondence.