

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 nine months of 2010 is US\$88.90 billion (2009: US\$60.35 billion), a gain of 47.3% as compared to the same period of last year, in which Taiwan's exports to Mainland China increase 45.4% to US\$63.18 billion (2009: US\$43.45 billion) while imports from Mainland China increase 52.2% to US\$25.72 billion (2009: US\$16.90 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\$112.32 billion over the first nine months of 2010, exports to Hong Kong and Mainland China were US\$85.38 billion, while imports from Hong Kong and Mainland China were US\$26.94 billion).
- b. As estimated above, the significant increase is on the total foreign trade of China to Taiwan during 2000-2008. In the first nine months of 2010, Taiwan's trade with Mainland China accounted for 23.02% of Taiwan's total foreign trade, an increase of 0.15 percentage points comparing to 22.87% at the end of 2009. Exports to Mainland China accounted for 31.24% of Taiwan's total exports, an increase of 0.76 percentage points from 30.48% at the end of 2009, while imports from Mainland China accounted for 13.98% of Taiwan's total imports, which is the same as the statistics collected 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 29.08% of Taiwan's total foreign trade during the first nine months of 2010. Exports to Hong Kong and Mainland China accounted for 42.22% of Taiwan's total exports, while imports from Hong Kong and Mainland China accounted for 14.64% 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\$20.68 billion (2009: US\$14.57 billion) over the first nine months of 2010, an increase of 41.94% as compared to the same period of last year. In which, Taiwan's exports to Mainland China via Hong Kong increased 38.32% to US\$17.44 billion (2009: US\$12.61 billion), while imports from Mainland China via Hong Kong increased 65.23% to

US\$3.24 billion (2009: US\$1.96 billion).

- d. According to Hong Kong Custom statistics, cross-strait bilateral trade accounted for 5.35% of Taiwan's total foreign trade during the first nine months of 2010, a decline of 0.20 percentage points from 5.55% at the end of 2009. Exports to Mainland China accounted for 8.62% of Taiwan's total exports, a decrease of 0.23 percentage points from 8.85% at the end of 2009, while imports from Mainland China accounted for 1.76% of Taiwan's total imports, an increase of 0.05 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 nine months of 2010, the number of approved foreign investment (including investment to Mainland China and the registered number which unregistered previously) totaled 829 cases and accrued US\$12.66 billion, in which US\$10.42 billion was approved for investment in Mainland China. Mainland China has attracted 82.34% of Taiwan's total foreign investment such that it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated 38,418 cases from 1991 to the end of September 2010, which totaled US\$93.12 billion. A total of 647 cases (including the registered number which unregistered previously) of direct investment to Mainland China were approved during the first nine months of 2010, which totaled, with 133.33% 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\$3.39 billion, accounting for 32.51% of total direct investments, US\$2.05 billion for 19.66%, US\$1.58 billion for 15.15%, US\$554 million for 5.32% and US\$500 million for 4.8%. Investment was distributed among electronic parts and components manufacturing with investment of US\$2.92 billion, accounting for 28.0% of total direct investment, computers, electronic and optical products manufacturing with US\$927 million for 8.90%.non-metallic mineral products manufacturing with US\$728 million for 6.98%, wholesale and retail trade manufacturing with US\$703 million for 6.75%, and electrical equipment manufacturing with US\$573 million for 5.50%.

(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 47.16% to US\$178.19 billion

(2009: US\$121.09 billion) during the first nine months of 2010. At the same time, remittance from Mainland China to Taiwan totaled US\$105.10 billion (2009: US\$77.61 billion), which is an increase of 35.42%.

- b.** There have been more letters posted from Mainland China to Taiwan than the other way round since 2006. In the first nine months of 2010, mails to Mainland China decreased 9.96% to 2.46 million (2009: 2.73 million) while mails from Mainland China decreased 2.12% to 3.55 million (2009: 3.63 million). The communication time by phone from Taiwan to China always are longer than the other way around. Telephone calls to Mainland China increasing 4.29% to 1.10 billion minutes (2009: 1.05 billion minutes), with a total of 293.0 million calls during the first nine months of 2010, while calls from Mainland China decreasing 8.65% to 410.32 million minutes (2009: 449.20 million minutes), with a total of 153.74 million calls. The average time per call to and from Mainland China was 3.7 and 2.7 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 nine months of 2010 totaled 3.88 million (2009: 3.29 million), which is an increase of 18.12% as compared to the same period of last year. Cumulative figure from 1987 to the end of September 2010 showed that there were 59.79 million persons traveled to Mainland China.

(5) Chinese visitors to Taiwan

There have been 1.16 million (2009: 781.73 thousand) people from China visiting Taiwan for the first nine months of 2010, which is an increase of 47.87% over the same period in previous year. Among these, 110.78 thousand (2009: 65.74 thousand) people were traveling for economics and trade related activities, which represents a 68.52% increase over the same period in previous year. The number of tourists however, has increased by 106.15% over the same period in previous year to 867.69 thousand (2009: 420.90 thousand) persons. In total, there has been 4.37 million (from 1987 to September 2009: 2.93 million) Chinese people visiting Taiwan from 1987 to September 2010.

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

- a. Direct transport links' statistics. Taiwanese vessels made 5,590 trips (2009: 5,459 trips) to Mainland China for the first nine months of 2010, which marks an increase of 2.40% over the same period of previous year. On the other hand, 2,739 trips (2009: 2,287 trips) were made to Taiwan by the Chinese vessels over the same period, which is an increase of 19.76% over the same period of previous year. In total, 46.10 thousand trips (from 2001 to September 2009: 35.02 thousand trips) were made across the Taiwan Strait from 2001 to September 2010.
- b. Direct personnel links' statistics. There were 541.15 thousand people entered to Kinmen and Matsu (including foreigners, people of Taiwan and Mainland China) for the first nine months of 2010. On the other hand, 550.39 thousand people (including foreigners, people of Taiwan and Mainland China) exited from Kinmen and Matsu during the same period. A total of 6.19 million people from 2001 to September 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 702.44 thousand contracted foreign investment projects had been accrued up to the end of September 2010. During the first nine months of 2010, there were 19.21 thousand foreign direct investment projects. For realized foreign direct investment, there were US\$ 1,016.99 billion from 1979 to the end of September 2010. For the first nine months of 2010, realized foreign direct investment reached US\$74.34 billion, an increase of 16.58% comparing to the same period of last year. During the first nine months of 2010, from Hong Kong & Macao reached US\$41.96 billion, accounting for 56.45% of total realized foreign direct investment, followed by the British Virgin Islands with US\$7.67 billion or 10.31%, Singapore with US\$3.75 billion or 5.05%, Japan with US\$2.91 billion or 3.92%, USA with US\$2.08 billion or 2.80%, Korea with US\$1.95 billion or 2.63%, Taiwan with US\$1.78 billion or 2.40% 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 nine months of 2010, US imports from Taiwan and

Mainland China respectively accounted for 1.86%, and 18.78% of its total imports, an increase of 0.04 percentage points from 1.82% at the end of 2009, and a decrease of 0.25 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 nine months of 2010, Japan imports from Taiwan and Mainland China accounted for 3.44%, and 21.85% of its total imports, an increase of 0.11 percentage points from 3.33% at the end of 2009, and a decrease of 0.40 percentage points from 22.25% in correspondence.