

Brief Summary

Cross Strait economic performance in February this year was poor compared to same month last year due to the 2013 Lunar Chinese New Year. However, The overall economic performance from January to February this year was better than same period last year, including increases of 5.7% and 2.0% in Cross-Strait trade value and Taiwan's exports in January and February 2013 and so on. The major cross-strait economic exchange indicators and foreign investment in Mainland China below will provide more in details.

1. Major Cross-Strait Economic Exchange Indicators

(1) Overview of Cross-Strait Trade Activities

- a. By referring to Taiwan Customs statistics, the estimated value of total cross-strait bilateral trade is US\$18.6 billion in January and February 2013 with a rise of 5.7% Year-On-Year. The value for Taiwan exports to Mainland China has increased by 3.3% Year-On-Year to US\$12.1 billion while the value that imports from Mainland China has also risen by 10.3% Year-On-Year to US\$6.5 billion.
- b. In January-February 2013, Taiwan's trade with Mainland China accounted for 20.8% of Taiwan's total foreign trade with a decline of 1.2 percentage points from 22.0% at the end of 2012. Exports to Mainland China accounted for 26.7% of Taiwan's total exports, a reduction of 0.3 percentage points from 27.0% at the end of 2012, while imports from Mainland China accounted for 14.8% of Taiwan's total imports with a decrease of 1.3 percentage points from 16.1% at the end of 2012.

(2) Taiwan Investment in Mainland China

According to the Investment Commission, MOEA, Taiwan, the number of approved foreign investment totaled to 167 cases with the value of US\$2.5 billion, in which US\$1.5 billion was approved to invest in Mainland China in January and February 2013. Mainland China has attracted 59.3% of Taiwan's total foreign investment where it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated to 40,317 cases from 1991 to the end of February 2013 with a value of US\$126.0 billion, which is 62.6% of Taiwan's total foreign investment. A total of 109 cases for the investment in Mainland China were approved in January-February 2013 with a rise of 48.3% Year-On-Year, while the total value of approved investment in Mainland China stands at US\$1.5 billion with a reduction of

5.9% Year-On-Year. Taiwan's investments mainly located in Jiangsu, Canton, Fukien, Shanghai, and other areas in Mainland China with the investment values of US\$412 million (28.0% of total investments), US\$272 million (18.5%), US\$129 million (8.8%), and US\$80 million (5.4%) respectively. Investments were distributed among computers, electronic and optical products manufacturing with US\$360 million (24.5% of total direct investment), electronic parts and components manufacturing with investment with US\$196 million (13.3% of total direct investment), wholesale and retail trade with US\$169 million (11.5%), and chemical material manufacturing with US\$118 million (8.0%).

(3) Mainland China Investment in Taiwan

According to the Investment Commission, MOEA, Taiwan, the number of approved Mainland China investment in Taiwan totaled to 20 cases with the amount of US\$9.6 million in January-February 2013. The number of approved Mainland China investment in Taiwan totaled to 362 cases with the amount of US\$503 million from June, 2009 to February, 2013, where mainly distributed in harbort services, banking services, wholesale and retail trade, and computers, electronic and optical products manufacturing. The investment amounts for above industries are US\$139 million (27.1% of total amount), US\$91 million (17.8%), US\$88 million (17.2%), and US\$57 million (11.1%), respectively.

(4) Cross-Strait Remittance

All Taiwan's bank remittances to and from Mainland China have shown a persisted growing pattern except for the year of 2009. The remittances to Mainland China have increased by 52.3% Year-On-Year to US\$34.9 billion in January 2013. Meanwhile, the remittances from Mainland China to Taiwan totaled to US\$18.4 billion with an increase of 55.3 % Year-On-Year.

(5) Taiwan Visitors to Mainland China

According to the China National Tourism Administration, the number of Taiwan tourists to Mainland China in January-February 2013 totaled to 809 thousands visitors with a reduction of 4.1% Year-On-Year. The number of Taiwan tourists to Mainland China from 1987 to the end of February 2013 totaled to 72.5 million visitors.

(6) Mainland China Visitors to Taiwan

The poll of Mainland China residents visit to Taiwan for tourism has been more than those visits to Taiwan for economic and trade activities since 2003. According to Taiwan National Immigration Agency statistics, there have been 406 thousands Chinese visitors from Mainland China in January-February 2013 with an increase of 36.1%. Among these, 16 thousands visitors to Taiwan for economic and trade related activities with an increase of 21.4%, and 320 thousands visitors to Taiwan for tourism with an increase 40.0% Year-On-Year. In total, there have been 9.5 million Chinese visitors to Taiwan from 1987 to the end of February 2013.

(7) The Kinmen and Matsu Mini-Three Links Breakdowns (K-M mini three links)

- a. Direct transport links' statistics. The Taiwanese vessels made 980 trips to Mainland China in January-February 2013, which shows a reduction of 10.7% Year-On-Year. Meanwhile, 734 trips to Taiwan by the Chinese vessels have shown an increase of 17.6% Year-On-Year. In total, 74.3 thousand trips were made across the Taiwan Strait from 2001 to the end of February 2013.
- b. 99 thousands visitors (including foreigners, residents of Taiwan and Mainland China) arrived to Kinmen and Matsu in January-February 2013. And, 105 thousands visitors (including foreigners, residents of Taiwan and Mainland China) departed from Kinmen and Matsu in the same period. A total of 9.8 million visitors from 2001 to the end of February 2013 have arrived and departed from Taiwan and Mainland China via K-M mini three links.

2. Foreign Investment in Mainland China

According to the Ministry of Commerce of Mainland China statistics, a total of 766 thousands approved foreign investment projects had been accrued up to February 2013 since Mainland China adapted opening policy in 1979. In January-February 2013, there were 2,915 approved foreign direct investments in Mainland China. For realized foreign direct investment, there were US\$1,293.6 billion from 1979 to the end of February 2013. In January-February 2013, realized foreign direct investment reached to US\$17.5 billion. In 2012, Hong Kong & Macao reached to US\$66.1 billion or accounting for 59.1% of total realized foreign direct investments, followed by the British Virgin Islands with US\$7.8 billion or 7.0%, Japan with US\$7.4 billion or 6.6%, and Singapore with US\$6.3 billion or 5.6%.

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

In the period of January to December 2012, U.S. imported from Taiwan and Mainland China respectively accounted for 1.7% and 18.7% of its total imports with a decline of 0.2 and an increase of 0.6 percentage points from 1.9% and 18.1% at the end of 2011. Besides, in the period of January to February 2013, Japan imported from Taiwan and Mainland China respectively accounted for 2.6% and 20.3% of its total imports with a decline of 0.2 and 0.5 percentage points from 2.8% and 20.8% at the end of 2012.

4. The Implementation of ECFA Early Harvest Program

The ECFA early harvest program has accumulatively reduced tariffs with a total of US\$ 0.7 billion from January, 2011 to January, 2013. The number of approved certificates of origin in January-February 2013 totaled to 10,287 cases with the total amount of US\$ 1.7 billion, where 186 cases in agricultural products with the value of US\$5.3 million and 10,101 cases in industrial products with US\$1.7 billion. According to the accumulated statistics to February 2013, Taiwan's Financial Supervisory Commission has approved 12 Taiwan's banks open branches in Mainland China, in which 10 banks have started their business and 6 banks established representative offices in Mainland China. In insurance industry, Taiwan's Financial Supervisory Commission has approved 9 Taiwan's insurance companies participate the equity in Mainland China, and 6 insurance companies has started the businesses and established 15 representative offices among these 9 approved Taiwan's insurance companies. Taiwan's Financial Supervisory Commission has also approved the permissions for the Mainland Chinese Bank to set up the branches and 2 offices in Taipei.