

## **Brief Summary**

Mainland China surprised markets with a thumping trade performance in January 2014, but it is worth noting that China import from Taiwan was decreased by 12.4% Year-On-Year, but increased in most countries. 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\$9.9 billion in Jan 2014 with a decline of 12.4% Year-On-Year. The value for Taiwan exports to Mainland China has decreased by 13.5% Year-On-Year to US\$6.1 billion while the value that imports from Mainland China has also decreased by 10.6% Year-On-Year to US\$3.8 billion.
- b. In Jan 2014, Taiwan's trade with Mainland China accounted for 21.6% of Taiwan's total foreign trade with a decline of 0.4 percentage points from 22.0% at the end of 2013. Exports to Mainland China accounted for 25.2% of Taiwan's total exports, a decrease of 2.1 percentage points from 27.3% at the end of 2013, while imports from Mainland China accounted for 17.6% of Taiwan's total imports with a increase of 1.4 percentage points from 16.2% at the end of 2013.

#### **(2) Taiwan Investment in Mainland China**

According to the Investment Commission, MOEA, Taiwan, the number of approved foreign investment totaled to 96 cases with the value of US\$1.9 billion, in which US\$1.7 billion was approved to invest in Mainland China in Jan 2014. Mainland China has attracted 90.1% of Taiwan's total foreign investment where it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated to 40,806 cases from 1991 to the end of January 2014 with a value of US\$135.4 billion, which is 62.9% of Taiwan's total foreign investment. A total of 44 cases for the investment in Mainland China covering the post-registration were approved in Jan 2014 with a reduction of 38.5% (the post-registration is uncovered) Year-On-Year, while the total value of approved investment in Mainland China covering the post-registration stands at US\$1.7 billion with an expansion of 168.3% (the post-registration is uncovered) Year-On-Year. Taiwan's investments mainly located in

Jiangsu, Guangdong, Fujian, Shanghai and other areas in Mainland China with the investment values of US\$409.2 million (23.7% of total investments), US\$401.2 million (23.2%), US\$301.7 million (17.5%), and US\$105.4 million (6.1%) respectively. Investments were distributed among Non-metallic Mineral Products Manufacturing with US\$ 491.1 million (28.4% of total direct investment), Chemical Material Manufacturing with US\$341.8 million (19.8%), wholesale and retail trade with investment with US\$288.0 million (16.7%), and Basic Metal Manufacturing with US\$126.3 million (7.3%). The proportion of Taiwan's service sector invested in Mainland China would be higher among the increasing effects of The China (Shanghai) Pilot Free Trade Zone and Cross-strait trade in Services Agreement. Furthermore, the deepening reform of major issues proposed by the CPC Central Committee which plans to deregulate the approval of investment in Mainland China, that is expected to gradually increase the proportion of investing service industry in Mainland China by Taiwan's enterprises.

### **(3) Mainland China Investment in Taiwan**

According to the Investment Commission, MOEA, Taiwan, the number of approved Mainland China investment in Taiwan totaled to 12 cases with the amount of US\$5.2 million in Jan 2014. The number of approved Mainland China investment in Taiwan totaled to 495 cases with the amount of US\$0.87 billion from June, 2009 to January, 2014, where mainly distributed in wholesale and retail trade, harbor port services, banking services, and electronics parts and components manufacturing. The investment amounts for above industries are US\$158 million (18.1% of total amount), US\$139 million (16.0 %), US\$138 million (15.9%), and US\$114 million (13.1%), 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 12.4% Year-On-Year to US\$369.8 billion in Jan-Dec 2013. Meanwhile, the remittances from Mainland China to Taiwan totaled to US\$196.2 billion with an increase of 1.0 % 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 Jan 2014 totaled to 341 thousands visitors with a reduction of 8.1% Year-On-Year. The number of Taiwan tourists to Mainland China from 1987 to the end of January 2014 totaled to 77.2 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 265.9 thousands Chinese visitors from Mainland China in Jan 2014 with an increase of 35.7%. Among these, 13.5 thousands visitors to Taiwan for economic and trade related activities with an increase of 13.5%, and 221.2 thousands visitors to Taiwan for tourism with an increase of 44.8% Year-On-Year. In total, there have been 12.2 million Chinese visitors to Taiwan from 1987 to the end of January 2014. In addition, with the Mainland Chinese tourism act forcing in October 2013, had been expected the number of Mainland Chinese tourists to Taiwan may not be as prior year performance. But surprised tourists continued to grow in recent months. In the future with the relax of restrictions about self-guided tourists, excepted Mainland Chinese visitors would be increased, thus could help to increase the average consumption amounts for each visitor as well as improve the quality of Taiwan's local tourism.

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

- a. Direct transport links' statistics. The Taiwanese vessels made 521 trips to Mainland China in Jan 2014, which shows a reduction of 7.8% Year-On-Year. Meanwhile, 392 trips to Taiwan by the Chinese vessels have shown an reduction of 4.4% Year-On-Year. In total, 85.2 thousand trips were made across the Taiwan Strait from 2001 to the end of January 2014.
- b. 54 thousands visitors (including foreigners, residents of Taiwan and Mainland China) arrived to Kinmen and Matsu in Jan 2014. And, 50 thousands visitors (including foreigners, residents of Taiwan and Mainland China) departed from Kinmen and Matsu in the same period. A total of 11.1 million visitors from 2001 to the end of January 2014 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 788 thousands approved foreign investment projects had been accrued up to January 2014 since Mainland China adapted opening policy in 1979. In Jan 2014, there were 1,719

approved foreign direct investments in Mainland China. For realized foreign direct investment, there were US\$1,404.4 billion from 1979 to the end of January 2014.

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

In January to December 2013, U.S. imported from Taiwan accounted for 1.7% which remains the same market share as the end of 2012, and imported from Mainland China accounted for 19.4% which was dropped by 0.3% from end of 2012. Abe's cabinet proposed an economic stimulation plan with value of JPY\$ 20 trillion and further QE policy which brings a positive impact on Japan's economy. On the other hand, the depreciation in JPY affected Taiwan and Mainland China's exports to Japan. In Jan 2014, Japan imported from Taiwan and Mainland China respectively accounted for 2.9% and 23.7% of its total imports with increases of 0.3% and 2.1% from the end of 2012, respectively.

### **4. The Implementation of ECFA Early Harvest Program**

The number of approved certificates of origin in Jan 2014 totaled to 5,621 cases with the total amount of US\$ 0.7 billion. According to the accumulated statistics to Jan 2014, Taiwan's Financial Supervisory Commission has approved 13 Taiwan's banks open branches in Mainland China, in which 11 banks have started their business and 5 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 14 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 3 representative offices and a representative office in Taiwan.