

Brief Summary

China's trade performance weak in Jan-Sep 2016, Exports fell 7.5 percent from a year earlier, while imports dropped 8.2 percent. Besides, Taiwan's export slumped 6.1 percent in the same time.

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 was US\$83.7 billion in Jan-Sep 2016 with the decrease of 6.0% Year-On-Year. The value for Taiwan exports to Mainland China has decreased by 7.0% Year-On-Year to US\$51.6 billion while the value that imports from Mainland China has decreased by 4.4% Year-On-Year to US\$32.1 billion.
- b. In Jan-Sep 2016, Taiwan's trade with Mainland China accounted for 22.7% of Taiwan's total foreign trade, a decrease of 0.7 percentage points from 23.4% at the end of 2015. Exports to Mainland China accounted for 25.5% of Taiwan's total exports with the decrease of 0.3 percentage points from 25.8% at the end of 2015, while imports from Mainland China accounted for 19.3% of Taiwan's total imports with the decrease of 1.1 percentage points from 20.4% at the end of 2015.

(2) Taiwan Investment in Mainland China

According to the Investment Commission, MOEA, Taiwan, the number of approved foreign investment totaled to 609 cases with the value of US\$17.0 billion, in which US\$7.4 billion was approved to invest in Mainland China in Jan-Sep 2016. Mainland China has attracted 43.7% of Taiwan's total foreign investment where it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated to 41,918 cases from 1991 to the end of September 2016 with a value of US\$162.4 billion, which is 60.2% of Taiwan's total foreign investment.

A total of 232 cases for the investment in Mainland China covering the post-registration were approved in Jan-Sep 2016 with a decrease of 30.4% (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\$7.4 billion with an increase of 2.9% (the post-registration is uncovered) Year-On-Year.

Taiwan's investments mainly located in Jiangsu, Henan, Shanghai, Guangdong and other

areas in Mainland China with the investment values of US\$2,285.1 million (30.7% of total investment), US\$1,643.1 million (22.1%), US\$1,031.8 million (13.9%), and US\$692.5 million (9.3%) respectively. Investments were distributed among Computers, Electronic and Optical Products Manufacturing with US\$1,965.1 million (26.4% of total direct investment), Financial and Insurance with US\$1,339.9 million (18.0%), Electronic Parts and Components Manufacturing with US\$1,263.1 million (17.0%) and Wholesale and Retail Trade with US\$ 351.5 million (4.7%).

(3) Mainland China Investment in Taiwan

According to the Investment Commission, MOEA, Taiwan, the number of approved Mainland China investment in Taiwan totaled to 116 cases with the amount of US\$212.4 million in Jan-Sep 2016. The number of approved Mainland China investment in Taiwan totaled to 905 cases with the amount of US\$1.7 billion from June, 2009 to September, 2016, where mainly distributed in Wholesale and Retail Trade, Banking services, Electronics Parts and Components Manufacturing, and Harbor Services. The investment amounts for above industries are US\$474.4 million (28.7% of total amount), US\$201.4 million (12.2%), US\$153.4 million (9.3%), and US\$139.1 million (8.4%), 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. But the remittances to Mainland China have decrease by 4.9% Year-On-Year to US\$255.4 billion in Jan-Aug 2016. Meanwhile, the remittances from Mainland China to Taiwan totaled to US\$173.7 billion with an increase of 1.8% 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-Jun 2016 totaled to 2,790 thousands visitors with an increase of 5.8% Year-On-Year. The number of Taiwan tourists to Mainland China from 1987 to the end of June 2016 totaled to 90.5 million visitors.

(6) Mainland Chinese 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 2,845.2 thousands Chinese visitors from Mainland China in Jan-Sep 2016 with an decrease of 7.7%. Among these, 170.1 thousands visitors to Taiwan for economic and trade related activities with a decrease of 23.5%, and 2,274.9 thousands visitors to Taiwan for tourism with an decrease of 8.0%. In total, there have been 22.8 million Chinese visitors to Taiwan from 1987 to the end of September 2016.

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

- a. Direct transport links' statistics. The Taiwanese vessels made 4,528 trips to Mainland China in Jan-Sep 2016, which shows a rise of 5.7% Year-On-Year. Meanwhile, 3,458 trips to Taiwan by the Chinese vessels have shown a decrease of 3.0% Year-On-Year. In total, 113.9 thousand trips were made across the Taiwan Strait from 2001 to the end of September 2016.
- b. 668.7 thousands visitors (including residents of Taiwan and Mainland China) arrived to Kinmen and Matsu in Jan-Sep 2016. And 669.3 thousands visitors (including residents of Taiwan and Mainland China) departed from Kinmen and Matsu in the same period. A total of 15.4 million visitors from 2001 to the end of September 2016 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, the number of approved foreign direct investment totaled to 857.7 thousands projects with US\$1,734.6 billion from 1979 to the end of September 2016. In Jan-Sep 2016, there were 21,292 approved foreign direct investments in Mainland China.

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

In Jan-Aug 2016, U.S. imported from Taiwan accounted for 1.8% as same as the end of 2015, and imported from Mainland China accounted for 20.5% which decrease by 0.6 percentage points from end of 2015. In Jan-Aug 2016, Japan imported from Taiwan and Mainland China respectively accounted for 3.8% and 25.6% of its total imports with increase of 0.3 percentage points and 0.4 percentage points from the end of 2015, respectively.

4. The Implementation of ECFA Early Harvest Program

The number of approved certificates of origin in Jan-Oct 2016 total to 148,592 cases with the total amount of US\$ 11.5 billion. According to the accumulated statistics to August 2016, Taiwan's Financial Supervisory Commission has approved 13 Taiwan's banks open branches in Mainland China, in which 27 branches and 14 sub-branches have started their business and 3 banks established representative offices in Mainland China. In insurance industry, Taiwan's Financial Supervisory Commission has approved 12 Taiwan's insurance companies and 3 insurance broker companies participating the equity in Mainland China which 7 insurance companies and 2 insurance broker companies has started the businesses and established 13 representative offices among these 12 approved Taiwan's insurance companies. Taiwan's Financial Supervisory Commission has also approved the permissions for the Mainland Chinese Bank to set up the 3 branches and 2 representative offices in Taiwan.