

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 eleven months of 2011 is US\$124.60 billion (2010: US\$110.36 billion), a gain of 12.90% as compared to the same period of last year, in which Taiwan's exports to Mainland China increase 8.23% to US\$84.20 billion (2010: US\$77.80 billion) while imports from Mainland China increase 24.06% to US\$40.40 billion (2010: US\$32.56 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\$156.46 billion over the first eleven months of 2011, exports to Hong Kong and Mainland China were US\$114.53 billion, while imports from Hong Kong and Mainland China were US\$41.93 billion).

- b. As estimated above, the significant increase is on the total foreign trade of China to Taiwan during 2000-2008. In the first eleven months of 2011, Taiwan's trade with Mainland China accounted for 22.89% of Taiwan's total foreign trade, a decrease of 0.08 percentage points comparing to 22.97% at the end of 2010. Exports to Mainland China accounted for 29.61% of Taiwan's total exports, a decrease of 1.28 percentage points from 30.89% at the end of 2010, while imports from Mainland China accounted for 15.54% of Taiwan's total imports, an increase of 1.23 percentage points from 14.31% at the end of 2010. (If the trade of Taiwan with Hong Kong is included, Taiwan's trade with Hong Kong and Mainland China accounted for 28.74% of Taiwan's total foreign trade during the first eleven months of 2011. Exports to Hong Kong and Mainland China accounted for 40.28% of Taiwan's total exports, while imports from Hong Kong and Mainland China accounted for 16.13% 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\$27.98 billion (2010: US\$25.33 billion) over the first eleven months of 2011, an increase of 10.46% as compared

to the same period of last year. In which, Taiwan's exports to Mainland China via Hong Kong increased 3.87% to US\$22.20 billion (2010: US\$21.38 billion), while imports from Mainland China via Hong Kong increased 46.11% to US\$5.78 billion (2010: US\$3.95 billion).

- d. According to Hong Kong Custom statistics, cross-strait bilateral trade accounted for 5.14% of Taiwan's total foreign trade during the first eleven months of 2011, a decline of 0.09 percentage points from 5.23% at the end of 2010. Exports to Mainland China accounted for 7.81% of Taiwan's total exports, a decrease of 0.57 percentage points from 8.38% at the end of 2010, while imports from Mainland China accounted for 2.22% of Taiwan's total imports, an increase of 0.43 percentage points from 1.79% at the end of 2010.

(2) Taiwan Investment in Mainland China

According to the Investment Commission, MOEA, Taiwan, during the first eleven months of 2011, the number of approved foreign investment (including investment to Mainland China and the registered number which unregistered previously) totaled 1,101 cases and accrued US\$17.12 billion, in which US\$13.54 billion was approved for investment in Mainland China. Mainland China has attracted 79.10% of Taiwan's total foreign investment such that it became the foremost destination for Taiwan's foreign investment. Approved investment to Mainland China accumulated 39,509 cases from 1991 to the end of November 2011, which totaled US\$110.86 billion. A total of 824 cases (including the registered number which unregistered previously) of direct investment to Mainland China were approved during the first eleven months of 2011, which totaled, with 30.54% increase over the same period in previous year. Taiwan's investment mainly concentrated in the areas of Mainland China, such as Kiangsu, Shanghai, Canton, Fukien, Chekiang, and so on. The amount of investment in those areas were as in the follows respectively: US\$4.23 billion, accounting for 31.21% of total direct investments, US\$2.13 billion for 15.74%, US\$2.11 billion for 15.61%, US\$769.74 million for 5.68% and US\$669.08 million for 4.94%. Investment was distributed among electronic parts and components manufacturing with investment of US\$3.29 billion, accounting for 24.33% of total direct investment, computers, electronic and optical products manufacturing with US\$1.51 billion for 11.13%, wholesale and retail trade with US\$1.15 billion for 8.52%, chemical material manufacturing with US\$774.00 million for 5.72%, and electrical equipment manufacturing with US\$623.84 million for 4.61%.

(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 27.01% to US\$284.92 billion (2010: US\$224.33 billion) during the first eleven months of 2011. At the same time, remittance from Mainland China to Taiwan totaled US\$165.42 billion (2010: US\$133.87 billion), which is an increase of 23.57%.

- b. There have been more letters posted from Mainland China to Taiwan than the other way round since 2006. In the first eleven months of 2011, mails to Mainland China increased 1.42% to 3.07 million (2010: 3.03 million) while mails from Mainland China increased 3.12% to 4.42 million (2010: 4.29 million). The communication time by phone from Taiwan to China always are longer than the other way around. Telephone calls to Mainland China decreasing 8.04% to 1.25 billion minutes (2010: 1.36 billion minutes), with a total of 358.75 million calls during the first eleven months of 2011, while calls from Mainland China decreasing 15.01% to 431.41 million minutes (2010: 507.62 million minutes), with a total of 155.64 million calls. The average time per call to and from Mainland China was 3.5 and 2.8 minutes respectively.

(4) Taiwan visitors 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 2011 totaled 4.88 million (2010: 4.75 million), which is an increase of 2.81% as compared to the same period of last year. Cumulative figure from 1987 to the end of November 2011 showed that there were 65.93 million persons traveled to Mainland China.

(5) Chinese visitors to Taiwan

There have been 1.55 million (2010: 1.46 million) people from China visiting Taiwan for the first eleven months of 2011, which is an increase of 5.99% over the same period in previous year. Among these, 132.70 thousand (2010: 140.04 thousand) people were traveling for economics and trade related activities, which represents a 4.70 % decrease over the same period in previous year. The number of tourists however, has increase by 3.88 % over the same period in previous year to 1.15 million (2010: 1.11 million) persons. In total, there has been 6.35 million

(from 1987 to November 2010: 4.68 million) Chinese people visiting Taiwan from 1987 to November 2011.

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

- a. Direct transport links' statistics. Taiwanese vessels made 7,152 trips (2010: 6,805 trips) to Mainland China for the first eleven months of 2011, which marks a increase of 5.10% over the same period of previous year. On the other hand, 3,699 trips (2010: 3,413 trips) were made to Taiwan by the Chinese vessels over the same period, which is an increase of 8.38% over the same period of previous year. In total, 59.91 thousand trips (from 2001 to November 2010: 47.99 thousand trips) were made across the Taiwan Strait from 2001 to November 2011.

- b. Direct personnel links' statistics. There were 695.04 thousand (2010: 665.08 thousand) people (including foreigners, people of Taiwan and Mainland China) entered to Kinmen and Matsu for the first eleven months of 2011. On the other hand, 698.01 thousand (2010: 670.33 thousand) people (including foreigners, people of Taiwan and Mainland China) exited from Kinmen and Matsu during the same period. A total of 7.94 million people from 2001 to November 2011 (from 2001 to November 2010: 6.43 million) 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 735.73 thousand contracted foreign investment projects had been accrued up to the end of November 2011. During the first eleven months of 2011, there were 25.09 thousand foreign direct investment projects. For realized foreign direct investment, there were US\$1,152.15 billion from 1979 to the end of November 2011. For the first eleven months of 2011, realized foreign direct investment reached US\$103.77 billion, an increase of 13.15% comparing to the same period of last year. During the first eleven months of 2011, from Hong Kong & Macao reached US\$63.12 billion, accounting for 60.83% of total realized foreign direct investment, followed by the British Virgin Islands with US\$9.10 billion or 8.77%, Japan with US\$5.92 billion or 5.70%, Singapore with US\$5.08 billion or 4.89%, Korea with US\$2.34 billion or 2.25%, USA with US\$2.15 billion or 2.08%, Taiwan with US\$1.95 billion or 1.88% 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 eleven months of 2011, US imports from Taiwan and Mainland China respectively accounted for 1.89%, and 18.12% of its total imports, an increase of 0.01 percentage points from 1.88% at the end of 2010, and a decrease of 0.97 percentage points from 19.09% 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 eleven months of 2011, Japan imports from Taiwan and Mainland China accounted for 2.74%, and 21.49% of its total imports, a decrease of 0.59 percentage points from 3.33% at the end of 2010, and a decrease of 0.62 percentage points from 22.11% in correspondence.