

# TAIWAN'S ECONOMIC SITUATION AND OUTLOOK



Council for Economic Planning and Development  
Executive Yuan

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# I. CURRENT DOMESTIC SITUATION

## *Economic Growth*

The Taiwan economy grew 4.2% in the first quarter of 2007, with private investment expanding 3.3%. In the second quarter, private investment increased much faster than previously forecast, rising 12.5%, and helped boost the overall economy to achieve a growth of 5.1%.

### Real GDP Growth (Change form a year ago)

	Economic growth	Domestic demand								Net foreign demand		
		Total	Consumption		Gross fixed capital formation			Increase in inventory	Total	Exports of goods & services	Less: Imports of goods & services	
			Private	Gov't	Subtotal	Private sector	Public enterprises					Gov't
2001	-2.2	-4.8	0.7	0.5	-19.9	-26.8	1.4	-6.4	-	-	-7.8	-13.0
2002	4.6	2.6	2.6	2.1	1.1	6.7	-1.2	-12.7	-	-	10.6	7.1
2003	3.5	1.8	1.5	0.6	1.7	3.7	-3.9	-1.3	-	-	10.4	8.1
2004	6.2	7.7	4.5	-0.5	19.5	33.1	-18.2	-5.8	-	-	14.4	18.9
2005	4.1	1.4	2.8	0.9	0.2	-1.3	16.4	-0.6	-	-	7.6	3.6
<b>2006</b>	<b>4.7</b>	<b>1.2</b>	<b>1.5</b>	<b>-0.2</b>	<b>1.0</b>	<b>3.3</b>	<b>-6.7</b>	<b>-5.4</b>	-	-	<b>10.3</b>	<b>5.4</b>
Q1	5.0	1.2	1.8	-0.1	-4.0	-4.0	-4.2	-3.7	-	-	14.3	8.9
Q2	4.7	-0.4	1.3	-1.2	-3.2	-1.1	-17.5	-6.0	-	-	12.3	5.3
Q3	5.1	0.4	0.4	0.1	4.0	6.6	-2.1	-4.8	-	-	13.1	6.3
Q4	4.0	3.4	2.3	0.3	6.2	11.0	-3.8	-6.5	-	-	3.0	1.7
2007 <sup>f</sup>	4.6	2.9	3.0	1.5	4.3	5.7	4.0	-2.3	-	-	5.5	3.0
Q1 <sup>r</sup>	4.2	-0.4	2.1	-0.9	2.4	3.3	21.9	-11.9	-	-	6.3	-1.0
Q2 <sup>p</sup>	5.1	4.7	2.6	0.1	9.3	12.5	0.9	-5.2	-	-	4.6	4.0

p: Preliminary; f: Forecast; r: Revised.

Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), August 2007.

# CURRENT DOMESTIC SITUATION

## Contribution to GDP Growth (in percentage points)

	Economic growth (yoy)	Domestic demand								Net foreign demand		
		Total	Consumption		Gross fixed capital formation			Increase in inventory	Total	Exports of goods & services	Less: Imports of goods & services	
			Private	Gov't	Sub-total	Private sector	Public enterprises					Gov't
2002	4.6	2.5	1.6	0.3	0.2	0.8	-0.03	-0.6	0.4	2.1	5.4	3.2
2003	3.5	1.7	0.9	0.1	0.3	0.5	-0.1	-0.1	0.4	1.8	5.5	3.7
2004	6.2	7.1	2.7	-0.1	3.6	4.2	-0.4	-0.2	0.9	-0.9	8.2	9.1
2005	4.1	1.3	1.6	0.1	0.03	-0.2	0.3	-0.02	-0.4	2.7	4.7	1.9
2006	4.7	1.1	0.8	-0.03	0.2	0.5	-0.1	-0.2	0.04	3.6	6.5	2.9
Q1	5.0	1.1	1.2	-0.01	-0.7	-0.6	-0.1	-0.1	0.7	3.9	8.4	4.5
Q2	4.7	-0.4	0.7	-0.2	-0.7	-0.2	-0.3	-0.2	-0.3	5.1	8.1	3.0
Q3	5.1	0.4	0.2	0.01	0.8	1.0	-0.03	-0.2	-0.7	4.7	8.0	3.4
Q4	4.0	3.0	1.2	0.04	1.3	1.6	-0.1	-0.2	0.4	1.1	2.0	0.9
<b>2007<sub>f</sub></b>	<b>4.6</b>	<b>2.5</b>	<b>1.7</b>	<b>0.2</b>	<b>0.8</b>	<b>0.8</b>	<b>0.1</b>	<b>-0.07</b>	<b>-0.2</b>	<b>2.0</b>	<b>3.6</b>	<b>1.6</b>
Q1 <sub>r</sub>	4.2	-0.4	1.3	-0.1	0.4	0.4	0.2	-0.3	-1.9	4.5	4.0	-0.5
Q2 <sub>p</sub>	5.1	4.1	1.4	0.01	1.9	2.0	0.01	-0.1	0.8	1.0	3.3	2.3

p: Preliminary; f: Forecast; r: Revised.

Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), August 2007.

# CURRENT DOMESTIC SITUATION

## Foreign Trade

- ⇒ In the first seven months of year 2007, exports and imports expanded 7.6% and 7.0%, respectively.
- ⇒ Trade surplus increased US\$1.4 billion to US\$11.0 billion in January-July 2007 from a year ago.

### Foreign Trade

US\$ billion; yoy %

	Trade		Exports		Imports		Balance
	Value	Growth	Value	Growth	Value	Growth	
2000	292.7	24.6	151.9	22.8	140.7	26.6	8.3
2001	234.3	-20.0	126.3	-16.9	108.0	-23.3	15.6
2002	248.6	6.1	135.3	7.1	113.2	4.9	22.1
2003	278.6	12.1	150.6	11.3	128.0	13.0	22.6
2004	351.1	26.0	182.4	21.1	168.8	31.8	13.6
2005	381.1	8.5	198.4	8.8	182.6	8.2	15.8
2006	426.7	12.0	224.0	12.9	202.7	11.0	21.3
<b>2007 Jan-July</b>	<b>259.3</b>	<b>7.3</b>	<b>135.1</b>	<b>7.6</b>	<b>124.1</b>	<b>7.0</b>	<b>11.0</b>

Note: Trade data are adjusted according to the United Nations IMTS Compilers Manual (2004). Total exports include “exports” and “re-exports,” and total imports include “imports” and “reimports.”

Source: Ministry of Finance.

# CURRENT DOMESTIC SITUATION

## Major trade partners

- ⇒ Hong Kong, China and ASEAN have become increasingly important trade partners to Taiwan since 2000, though trade with these two regions has grown more slowly in the last two years. Japan has remained Taiwan's largest supplier of imports, despite a narrowing share.
- ⇒ The trade shares of the United States, Europe and Japan have narrowed as those of Hong Kong, China and ASEAN have increased.

## Changes in Two-way Trade with Major Trading Partners

	Exports					Imports					Yoy %
	USA	Japan	Europe	Hong Kong and Mainland China	ASEAN 6*	USA	Japan	Europe	Hong Kong and Mainland China	ASEAN 6*	
2000	13.6	40.2	16.9	26.2	28.8	27.5	26.1	8.3	27.3	39.8	
2001	-20.9	-22.9	-16.3	-9.5	-19.1	-27.2	-32.9	-21.2	-7.4	-20.9	
<b>Share</b>	<b>22.3</b>	<b>10.3</b>	<b>15.8</b>	<b>26.6</b>	<b>11.9</b>	<b>17.0</b>	<b>24.0</b>	<b>14.0</b>	<b>7.4</b>	<b>14.9</b>	
2002	-2.7	-5.0	-5.9	29.4	7.4	-0.8	5.5	-2.2	24.2	3.7	
2003	-3.0	0.5	10.4	23.6	10.5	-6.9	19.6	10.7	30.9	5.2	
2004	8.3	11.1	14.7	28.8	33.0	28.2	33.6	31.1	47.7	16.2	
2005	1.3	9.4	-0.7	12.2	13.8	-2.8	5.3	2.4	16.2	3.8	
2006	11.2	7.9	10.6	14.8	13.8	7.1	0.5	-1.6	20.1	10.4	
<b>2007 Jan-Jul</b>	<b>-1.3</b>	<b>0.4</b>	<b>13.0</b>	<b>8.7</b>	<b>7.8</b>	<b>17.3</b>	<b>-3.4</b>	<b>11.9</b>	<b>14.4</b>	<b>-0.8</b>	
<b>Share</b>	<b>13.5</b>	<b>6.9</b>	<b>11.9</b>	<b>39.7</b>	<b>14.1</b>	<b>12.2</b>	<b>21.2</b>	<b>11.1</b>	<b>13.5</b>	<b>10.8</b>	

\*ASEAN6 refers to Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Source: Ministry of Finance.

# CURRENT DOMESTIC SITUATION

## Domestic Investment

Private investment increased 12.5% in the second quarter of 2007, while government investment contracted 5.2% and investment by public enterprises expanded 0.9%. The substantial growth in the private sector was attributable to capital expansions in the semiconductor industry.

### Gross Fixed Capital Formation: Real Growth and Current-price Value

NT\$ billion; yoy %

	Total		Private investment		Public enterprises investment		Government investment	
	Amount	Growth rate	Amount	Growth rate	Amount	Growth rate	Amount	Growth rate
2002	1,911.2	1.1	1,284.4	6.7	226.8	-1.2	399.7	-12.7
2003	1,957.9	1.7	1,335.9	3.7	219.2	-3.9	402.6	-1.3
2004	2,420.3	19.5	1,826.8	33.1	181.6	-18.2	411.8	-5.8
2005	2,403.2	0.2	1,780.4	-1.3	205.2	16.4	417.3	-0.6
2006	2,484.4	1.0	1,878.2	3.3	193.0	-6.7	413.3	-5.4
Q1	529.1	-4.0	410.0	-4.0	34.0	-4.2	85.0	-3.7
Q2	625.1	-3.2	489.1	-1.1	39.9	-17.5	96.2	-6.0
Q3	618.2	4.0	464.5	6.6	47.2	-2.1	106.5	-4.8
Q4	712.0	6.2	514.6	11.0	71.9	-3.8	125.6	-6.5
<b>2007<sub>f</sub></b>	<b>2,651.8</b>	<b>4.3</b>	<b>2,030.6</b>	<b>5.7</b>	<b>205.3</b>	<b>4.0</b>	<b>415.7</b>	<b>-2.3</b>
Q1 <sub>r</sub>	560.4	2.4	440.0	3.3	42.4	21.9	78.0	-11.9
Q2 <sub>p</sub>	698.4	9.3	562.0	12.5	42.0	0.9	94.4	-5.2

f: Forecast. p: Preliminary. r: Revised.  
Source: DGBAS, August 2007.

# CURRENT DOMESTIC SITUATION

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## *Production*

Industrial production grew 4.8% in January-July 2007, with manufacturing increasing 5.1%.

### Growth of Industrial Production %

	Total	Mining	Manufacturing	Electricity, gas, and water	Construction
2001	-7.8	0.1	-8.4	1.1	-11.2
2002	7.9	8.3	9.4	3.3	-20.7
2003	7.1	-7.4	7.4	3.8	9.0
2004	9.8	-4.4	10.5	3.0	4.8
2005	4.6	-9.8	4.5	3.7	11.4
2006	5.0	-5.8	5.0	3.0	9.0
<b>2007 Jan-July</b>	<b>4.8</b>	<b>-15.1</b>	<b>5.1</b>	<b>3.3</b>	<b>2.4</b>

Source: Ministry of Economic Affairs.

# CURRENT DOMESTIC SITUATION

## *Employment*

Nonagricultural employment has grown steadily. The unemployment rate continued to improve, dropping to 3.86% in January-July 2007, the lowest since 2000.

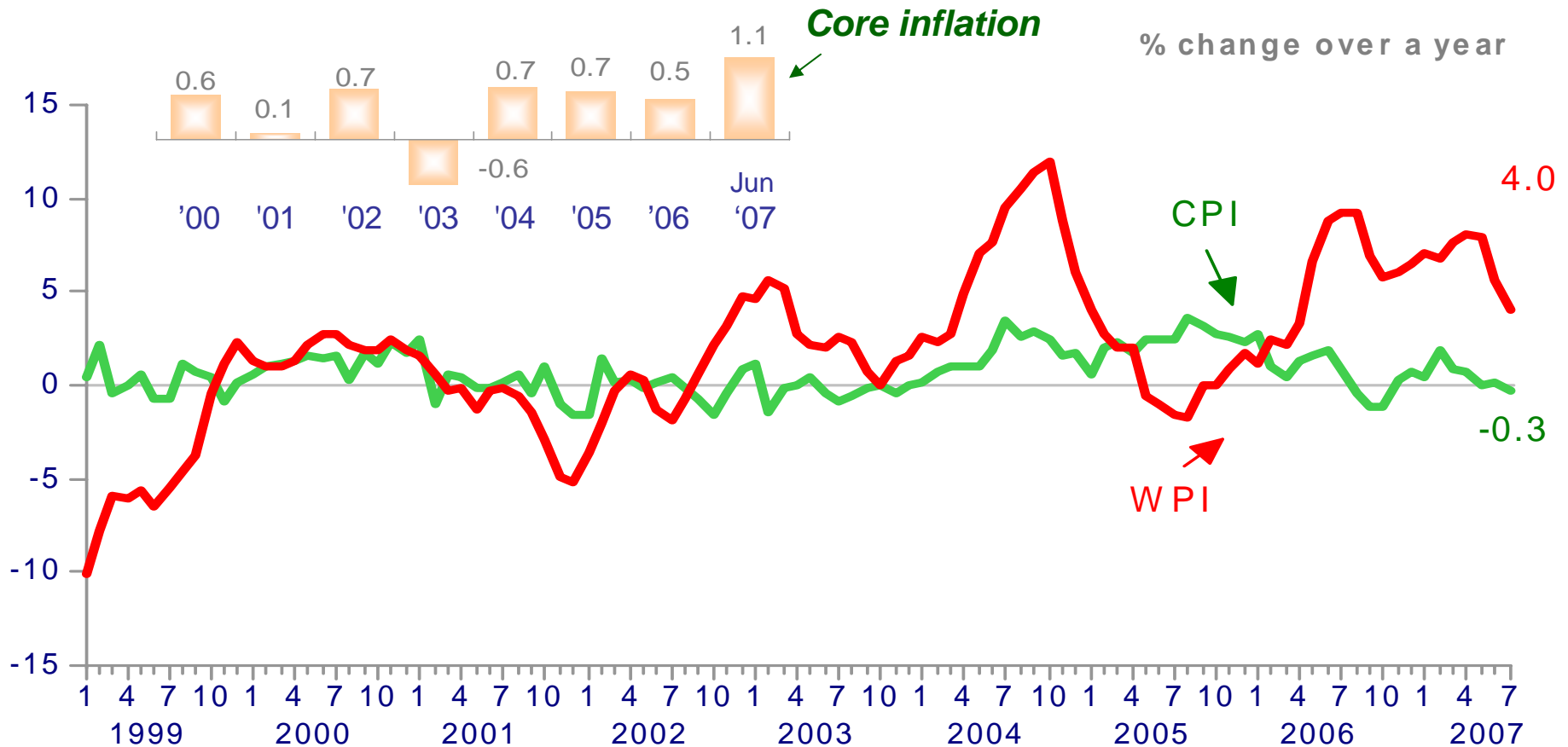
	Labor Force		Unemployment		Nonagricultural employment	
	1,000 persons	Participation %	1,000 persons	Rate %	1,000 persons	yoy, %
2001	9,832	57.2	450	4.57	8,677	-0.9
2002	9,969	57.3	515	5.17	8,745	0.8
2003	10,076	57.3	503	4.99	8,877	1.5
2004	10,240	57.7	454	4.44	9,144	3.0
2005	10,371	57.8	428	4.13	9,351	2.3
2006	10,522	57.9	411	3.91	9,557	2.2
<b>2007 Jan-July</b>	<b>10,674</b>	<b>58.2</b>	<b>415</b>	<b>3.88</b>	<b>9,719</b>	<b>2.3</b>

Source: Directorate General of Budget, Accounting, and Statistics.

# CURRENT DOMESTIC SITUATION

## Prices

In July 2007, wholesale prices increased 4.0% from a year ago, thanks to continued hikes in basic metal, chemicals, oil and coal products. Consumer prices decreased 0.3%, mainly because fruit and vegetable prices fell sharply from last year's peak due to typhoons. Core prices (excluding fresh food and energy prices) climbed 1.1%.

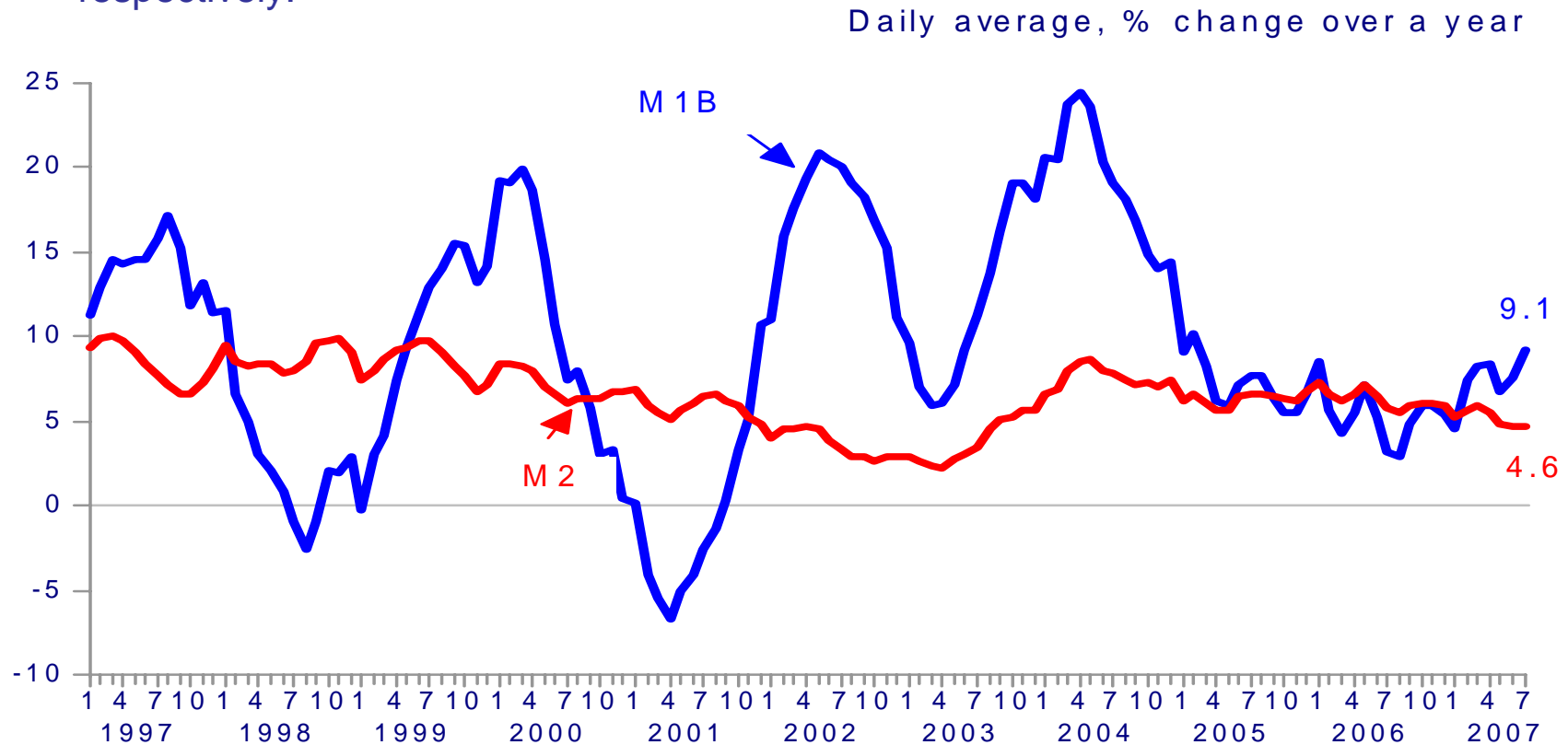


Source: Directorate General of Budget, Accounting, and Statistics.

# CURRENT DOMESTIC SITUATION

## Money Supply

In July 2007, M1B and M2 grew 9.1% and 4.6%, respectively, from a year ago. During the first seven months of 2006, M1B and M2 expanded 7.4% and 5.2%, respectively.

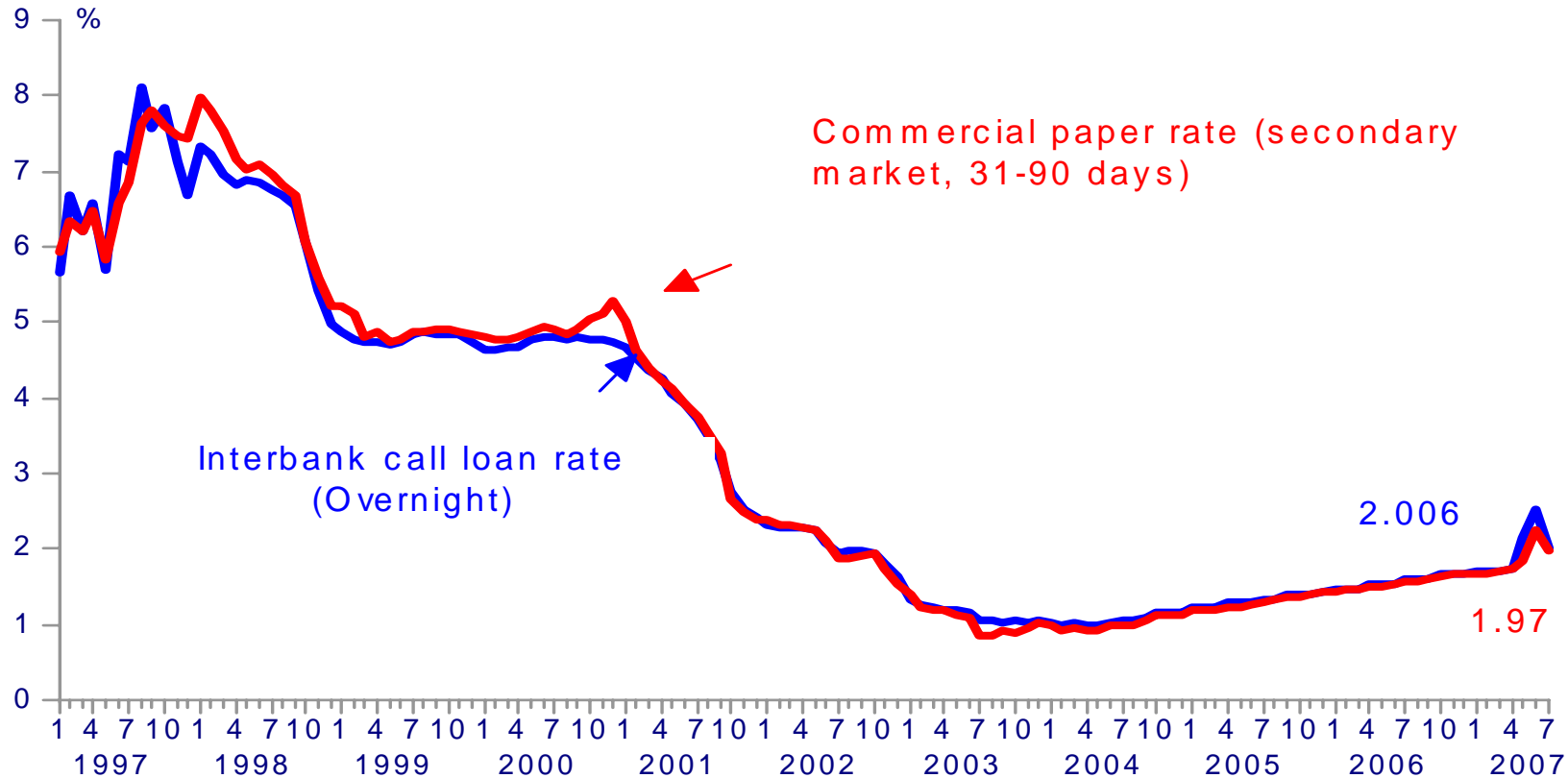


Source: Central Bank of China (Taiwan).

# CURRENT DOMESTIC SITUATION

## Short-term Interest Rates

Since late May 2007, both long-term and short-term market interest rates have trended up, as tight funding conditions prompted banks to adopt a cautious attitude towards funds operations. Commercial paper rate and interbank rate recorded 1.97% and 2.006%, respectively, in July. The rediscount rate has been raised twelve times since October 2004 from 1.375% to 3.125%.



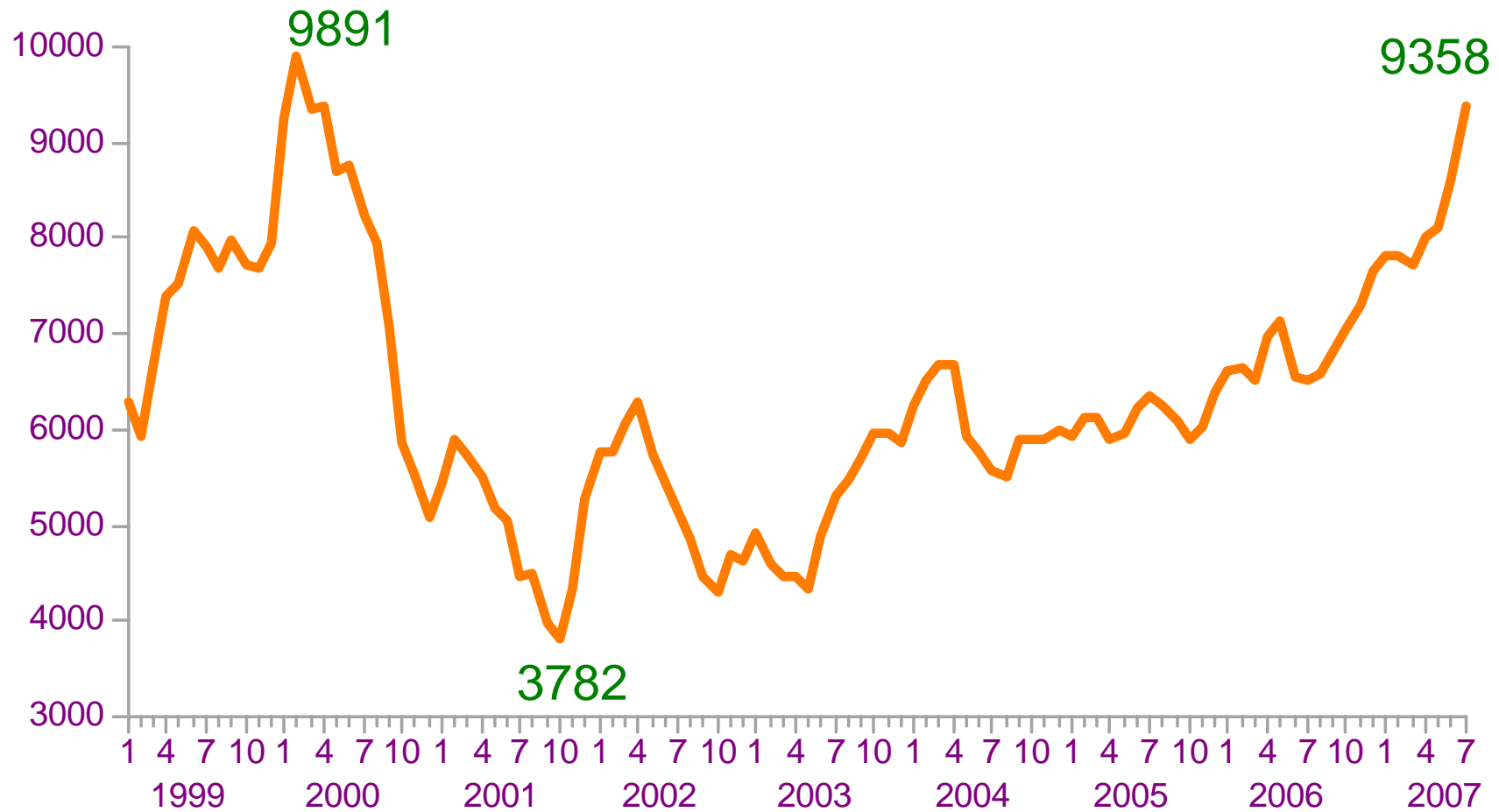
Source: Central Bank of China (Taiwan).

# Current Domestic Situation

## Stock Price

### Taiwan Stock Exchange Index

Capitalization weighted, monthly average, 1966 Avg=100



Source: Taiwan Stock Exchange.

# CURRENT DOMESTIC SITUATION

## Monitoring Indicators

In July 2007, Taiwan's business indicators continued showed signs of acceleration. The monitoring indicators signaled "green" for the second consecutive month. The recent improvement of indicators provides encouraging evidence of a resurgence of vitality of the economy.

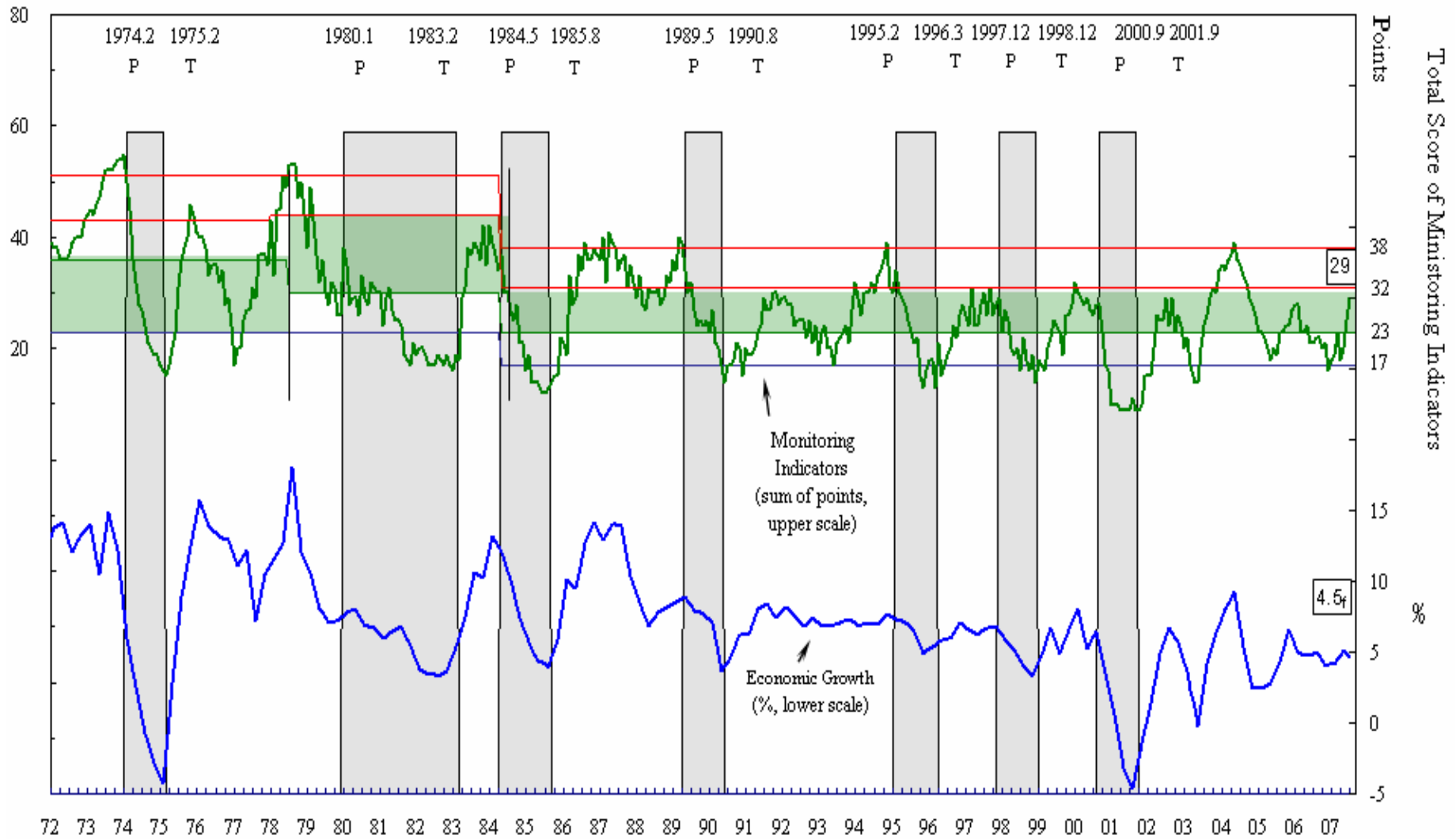
Month	2006						2007							7	
	7	8	9	10	11	12	1	2	3	4	5	6			
Total													New Series beginning in July 2007*		
Light Score	21	22	22	20	21	16	18	19	23	18	20	25			29
Monetary Aggregates M1B, yoy%													Monetary Aggregates M1B		9.2
Direct and Indirect Finance, yoy%													Direct and Indirect Finance		4.1
Bank Clearings and Remittance, yoy %													Stock Price Index		43.9
Stock Price Index, 1966=100, yoy%													Industrial Production		12.8
Manufacturing New Order Index, 1996\$, 1976.1=100, yoy%													Nonagricultural Employment		2.1
Exports, 2001\$, yoy%													Exports		8.8
Industrial Production Index, 2001=100, yoy %													Imports of Machinery and Electrical Equipment		3.0
Manufacturing Inventory-to-Sales ratio, %													Manufacturing Sales		7.1
Nonagricultural Employment, yoy%													Wholesale, Retail and Food Services Sales		1.5

● Overheating ● Transition in need of watching ● Steadily moving forward ● Transition in need of watching ● Transition in need of watching

\*Components are in terms of percentage changes over 1-year span. All components, except stock price index, have been seasonally adjusted. The coverage of "direct and indirect finance" has been adjusted by the Central Bank and is used in the new series.

Source: Council for Economic Planning and Development.

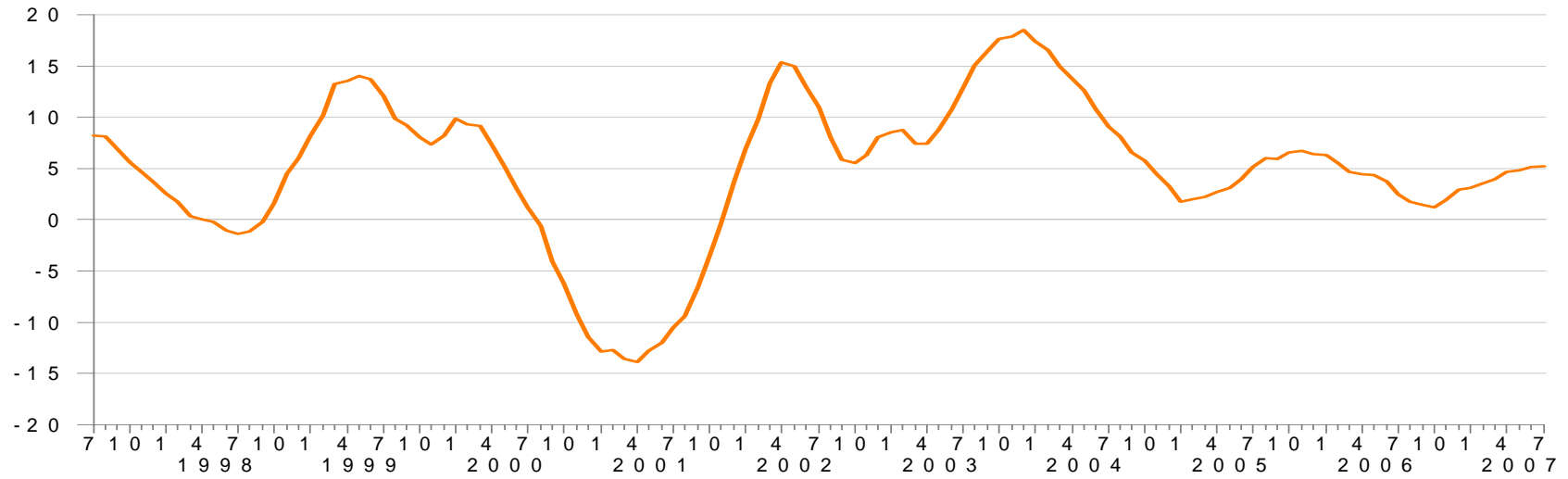
# Monitoring Indicators and Economic Growth



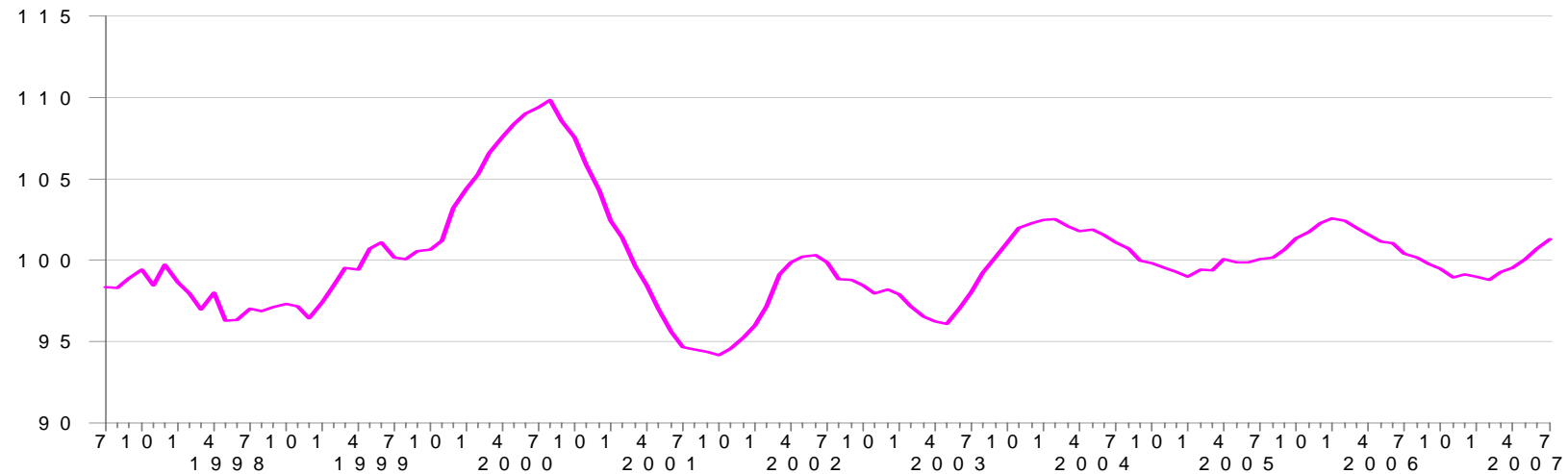
Source: Council for Economic Planning and Development.

# CURRENT DOMESTIC SITUATION

Composite Leading Index (Annualized 6-month rate of change)



Composite Coincident Index (Trend adjusted)



Source: CEPD.

## II. PROSPECTS - 2007

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2007

- ⇒ The economy is forecast to grow 4.58% in 2007, with GNP and per capita GNP reaching US\$390 billion and US\$17,077, respectively.
- ⇒ Despite the anticipation of a moderated pace of the U.S. economic expansion in the second half of 2007, the global economy will remain resilient and is expected to help boost Taiwan's foreign demand. Moreover, business globalization will add momentum to export expansion. Customs exports and imports are predicted to increase 6.9% and 6.3%, respectively, for the entire year of 2007.
- ⇒ Private consumption will see faster growth in the second half of 2007, thanks to continuing improvement in the job, real estate and stock markets, the departing of the consumer credit problem, and the rise in minimum wage. For the entire year, it is expected to grow 3.0%.
- ⇒ Private investment will continue to benefit from several developments in the semiconductor industry: plant expansions, lowered cost following production process upgrading, surging export orders for foundry, and climbing capacity utilization rates. The year 2007 will see a 5.7% growth in private investment.
- ⇒ The upward pressure on the wholesale price index is expected to wane in the second half of 2007, as the supply of important raw materials on the international market, including basic metals and chemicals, is increasing. Inflation as measured by the consumer price index in the first half of 2007 was restrained with the falls in vegetable and fruit prices due to good weather, recording only 0.6%. The second half of the year will see increasing pressure on the CPI from higher food commodity prices and negative impact of typhoon weather on vegetable and fruit supply. A 2.3% increase in the CPI is foreseen for the second half of 2007, and 1.5%, for the whole year.

## II. PROSPECTS - 2008

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2008

- ⇒ The economy is forecast to grow 4.51% in 2008, with GNP and per capita GNP reaching US\$410 billion and US\$17,911, respectively.
- ⇒ With the global economy remaining buoyant in 2008, foreign demand would expand steadily.
- ⇒ Several factors will continue to help encourage private consumption: the rise in minimum wage, the further improvement of the job market, the wealth effect from the booming stock market, and the entry of innovative consumer products on the marketplace.
- ⇒ Private investment is expected to increase, thanks to the stimulation from the government-led urban renovation and rural reform projects and the continued plant expansions and the upgrading of production process taking place in the semiconductor industry.
- ⇒ Limited growth is foreseen in government investment and government consumption.
- ⇒ Although world prices of oil and commodities will continue to rise, inflationary pressure could be restrained by factors that will lower production cost or check price increase, such as technological progress, productivity growth, and intensive competition on the marketplace. Both wholesale prices and consumer prices are expected to rise 1.5% in 2008.

# FORECASTS FOR ECONOMIC GROWTH

Forecasting institution	Release time	2007	Change from last forecast	2008
		%		%
World Bank	Nov 2006	4.0	-0.1	-
IMF	Apr 2007	4.2	0	-
Global-Insight	Jul 2007	4.1	+0.1	4.8
CIER	Apr 2007	4.17	+0.04	-
TIER	Apr 2007	4.09	+0.02	-
DGBAS	Aug 2007	4.58	+0.2	4.51
Academia Sinica	Dec 2006	4.21	-	-

CIER: Chung-hua Institute for Economic Research, Taipei.

DGBAS: Directorate-General of Budget, Accounting and Statistics, ROC.

TIER: Taiwan Institute of Economic Research, Taipei.

# Macroeconomic Targets for 2007

- ⇒ The economy is targeted to grow 4.6% in 2007, with CPI increasing no more than 2.0%. Unemployment rate will be kept around 3.8%, with employment increasing 1.5% and labor participation rate standing at 58.0%.
- ⇒ Sources of targeted growth mainly come from domestic demand.

	Target for 2007
<b>GDP growth (%)</b>	4.6
<b>Per capita GDP (US\$)</b>	16,886
<b>Consumer price increase (%)</b>	< 2.0
<b>Unemployment rate (%)</b>	3.8
<b>Demand components (Percent of nominal GDP)</b>	
National consumption	74.13
Private consumption	61.54
Government consumption	12.58
Domestic investment	20.51
Goods-and-services trade balance	5.36

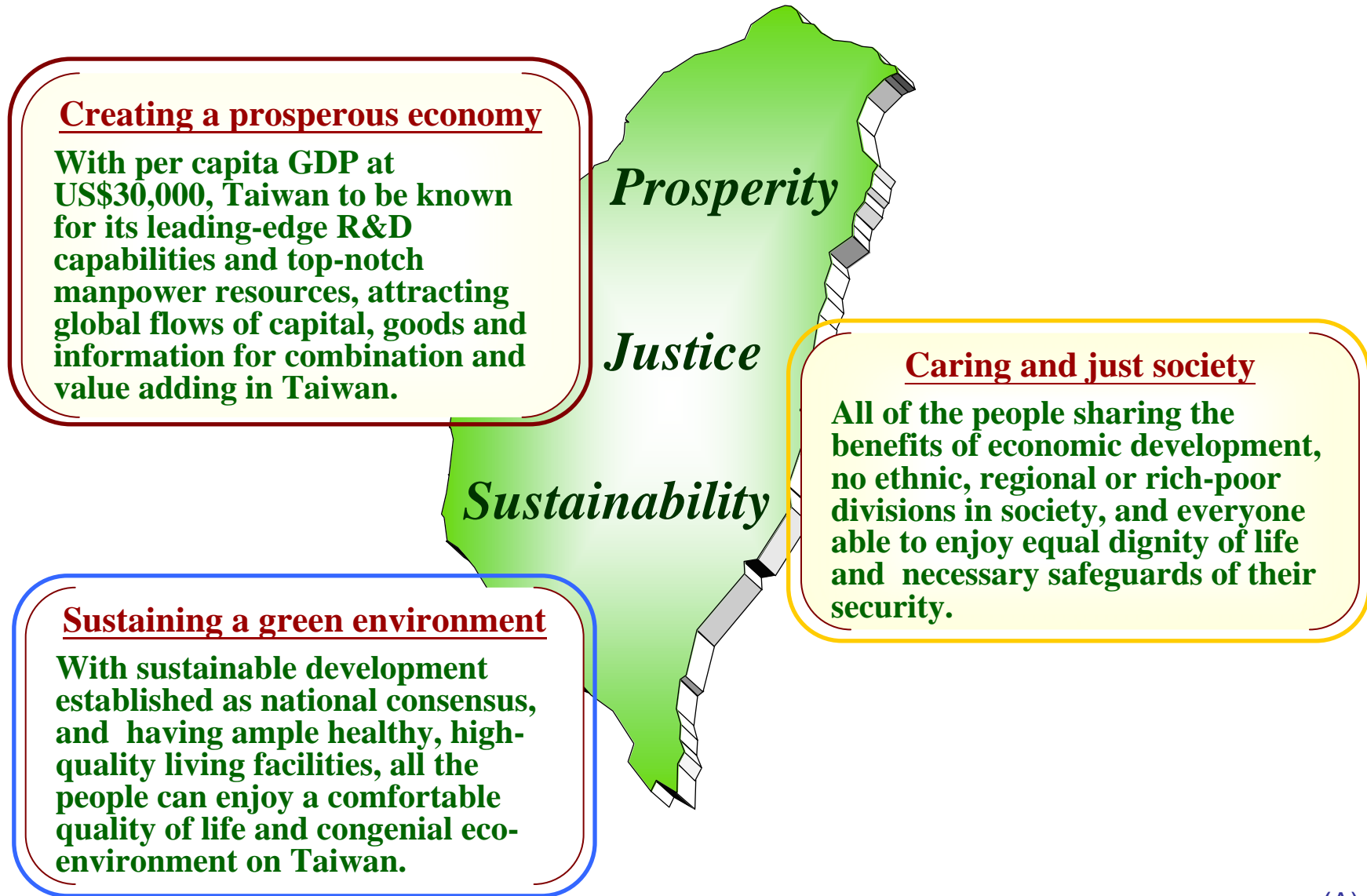
Source: Council for Economic Planning and Development.

## III. POLICY INITIATIVES

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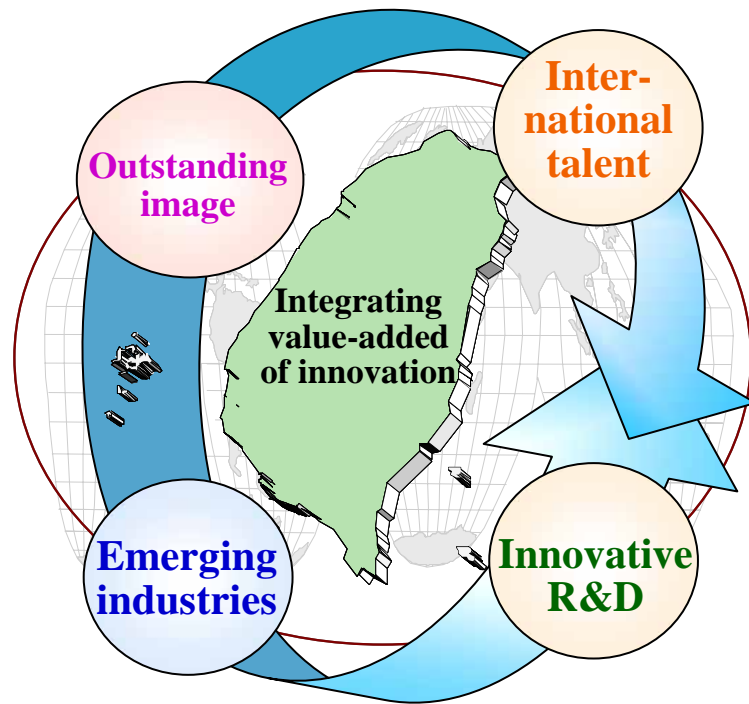
- The socio-economic environments at home and abroad have changed rapidly in recent years, with globalization intensifying international competition, and the problems of population aging and a low birth rate emerging in Taiwan. To address these challenges and act upon the conclusions of the “Conference on Sustaining Taiwan’s Economic Development” (COSTED), the Executive Yuan has formulated the “Economic Development Vision for 2015” and mapped out its “First-Stage Three-Year Sprint Program” for 2007~2009.
- This initiative involves the re-examination and adjustment of socio-economic systems and development directions, with the aim of advancing toward a “prosperous, just, sustainable and beautiful Taiwan” in 2015 as the new vision and target of efforts for national development. It will be implemented in stages under three sequential “Three-Year Sprint Programs.”

# Taiwan's Image for 2015: a Beautiful Land of Prosperity, Justice, and Sustainability



# A Prosperous Economy

- **Leading-edge innovation ability**
- **Outstanding Taiwan image**
- **Top-notch manpower resources**
- **Booming emerging industries**



1996~2005

- ◆ Average annual GDP growth of 4.5%, derived from:
  - Labor input contribution 13.3%
  - Capital input contribution 53.3%
  - Technical progress contribution 33.4%

2006~2015

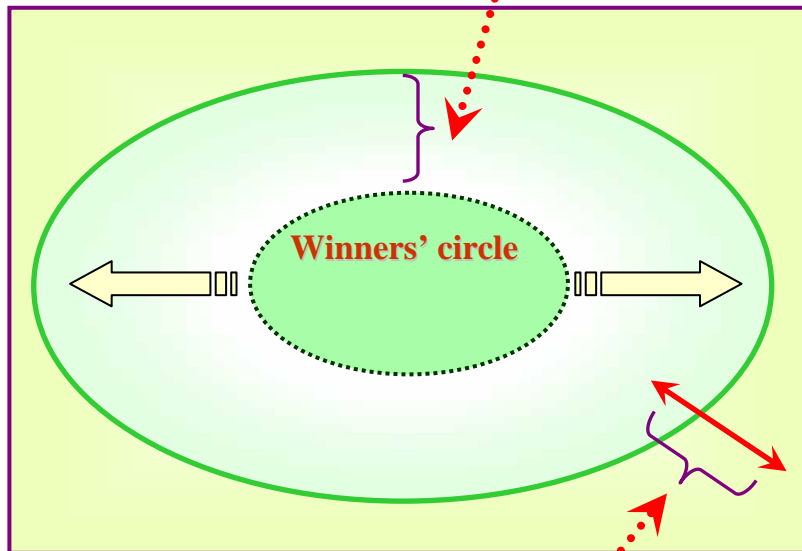
- ◆ Average annual GDP growth of 5.0%, derived from:
  - Labor input contribution 12.0%
  - Capital input contribution 36.0%
  - Technical progress contribution 52.0%

⇒ Innovation and value-added become the main driving forces of economic growth

# Caring and Just Society

- ◆ Warm solicitude for welfare
- ◆ Dignified safeguards of life
- ◆ Sound child-raising environment
- ◆ Balanced urban-rural development

Expanding the winners' circle and bring more outsiders inside the circle



Reducing the gap between the inside and the outside of the circle

Income Gap	2003	2004	2005
Top quintile of income distribution as a multiple of the bottom quintile	6.07	6.03	6.04
Gini concentration coefficient	0.343	0.338	0.340

## Targets and Outlook for 2015

### Warm solicitude for welfare

- ◆ Under a sustainable, comprehensive social safety net, the elderly, poor, disabled, new immigrants, and other disadvantaged members of society will be warmly cared for by the government, and the gap between the income of the top and bottom quintiles will be reduced below a ratio of six.

### Dignified safeguards of life

- ◆ Under comprehensive national pension, medical protection, and long-term care systems, full safeguards will be provided for the people's dignity of life.

### Sound child-raising environment

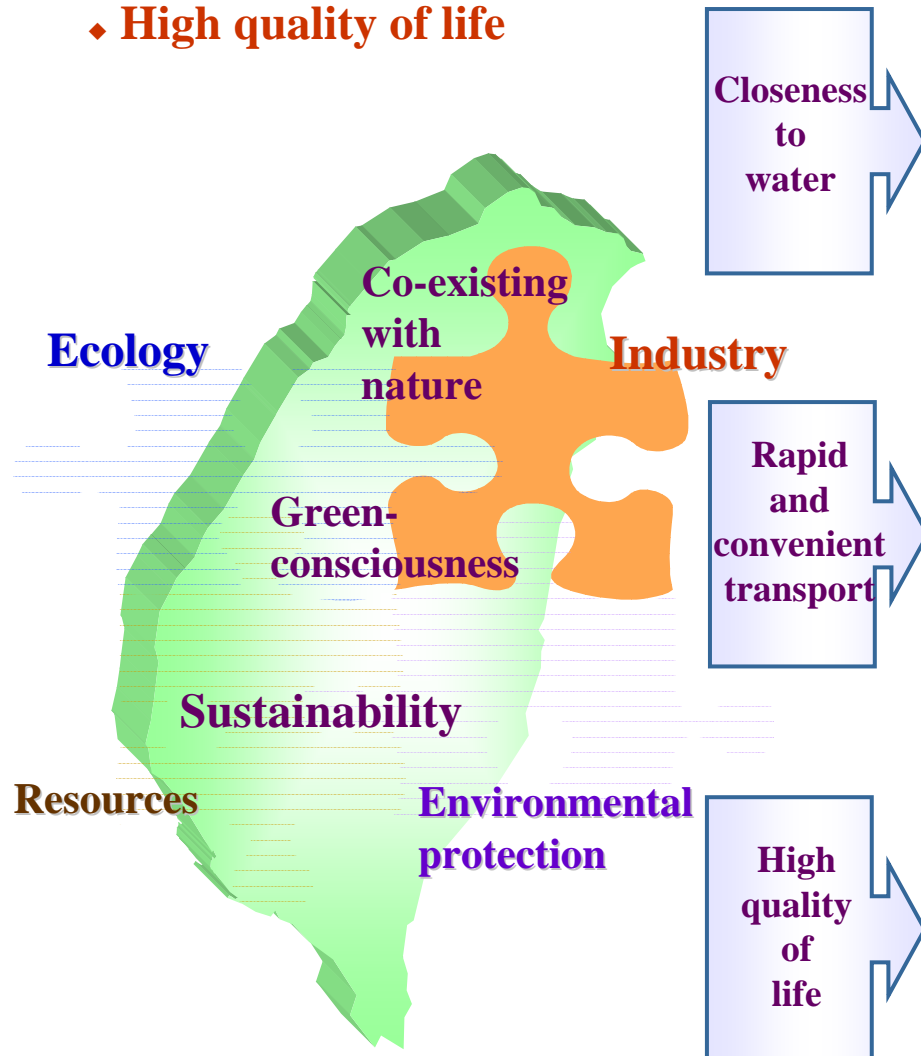
- ◆ With the provision of maternal and family protection, education benefits, employment promotion, and other such measures, the people's needs for having, raising and educating children will all be safeguarded; the unemployment rate will be kept below 4%, and the female labor-force participation rate will rise to over 50%.

### Balanced urban-rural development

- ◆ The urban-rural divide will be narrowed, and cities and counties, main and offshore islands alike, will all be able to enjoy the same economic opportunities, educational resources, public services, and medical care.

# Sustainable Green Environment

- ◆ Closeness to water
- ◆ Rapid and convenient transport
- ◆ High quality of life



## Targets and Outlook for 2015

- ◆ Flood control measures will achieve conspicuous results in effectively protecting 600 square kilometers of flood-prone land.
- ◆ A safe water supply will be assured, homes and industry will have ample water to use, and the tap-water connection rate will be 94%, the same level as in advanced countries.
- ◆ Sewerage systems will be extensively in place, and the wastewater treatment rate will reach 50%.
- ◆ Green infrastructure will be prevalent, with the development of 47 river systems, and every county and city having at least two waterside living environments, to provide nearby residents with high-quality scenic ecological waterside space.

- ◆ Everyone will be able to enjoy fast and convenient transport services. The high-speed railway, MRT systems, and regional road networks will mean that all of Taiwan is just a day trip from home.
- ◆ International seaports and airports and major science parks will be just ten minutes away from expressways.
- ◆ Main cities will be just one to two and a half hours apart, and it will take only 30 to 60 minutes to reach regional centers from within metropolitan areas and country towns.

- ◆ There will be ample amenities such as cultural centers, sports stadiums, parks, green footpaths, and bicycle trails, and people will be able to fully enjoy the same level of high-quality living facilities as in advanced countries.
- ◆ International-standard performance venues and national games or competitive sports arenas will be built island-wide, with 90% of them reachable within one hour.
- ◆ The island-wide information super-highway will be complete, with broadband coverage reaching 90%. People will be able to enjoy economic and high-quality e-living.
- ◆ Successful land restoration will reduce deaths and injuries from landslides to almost zero.

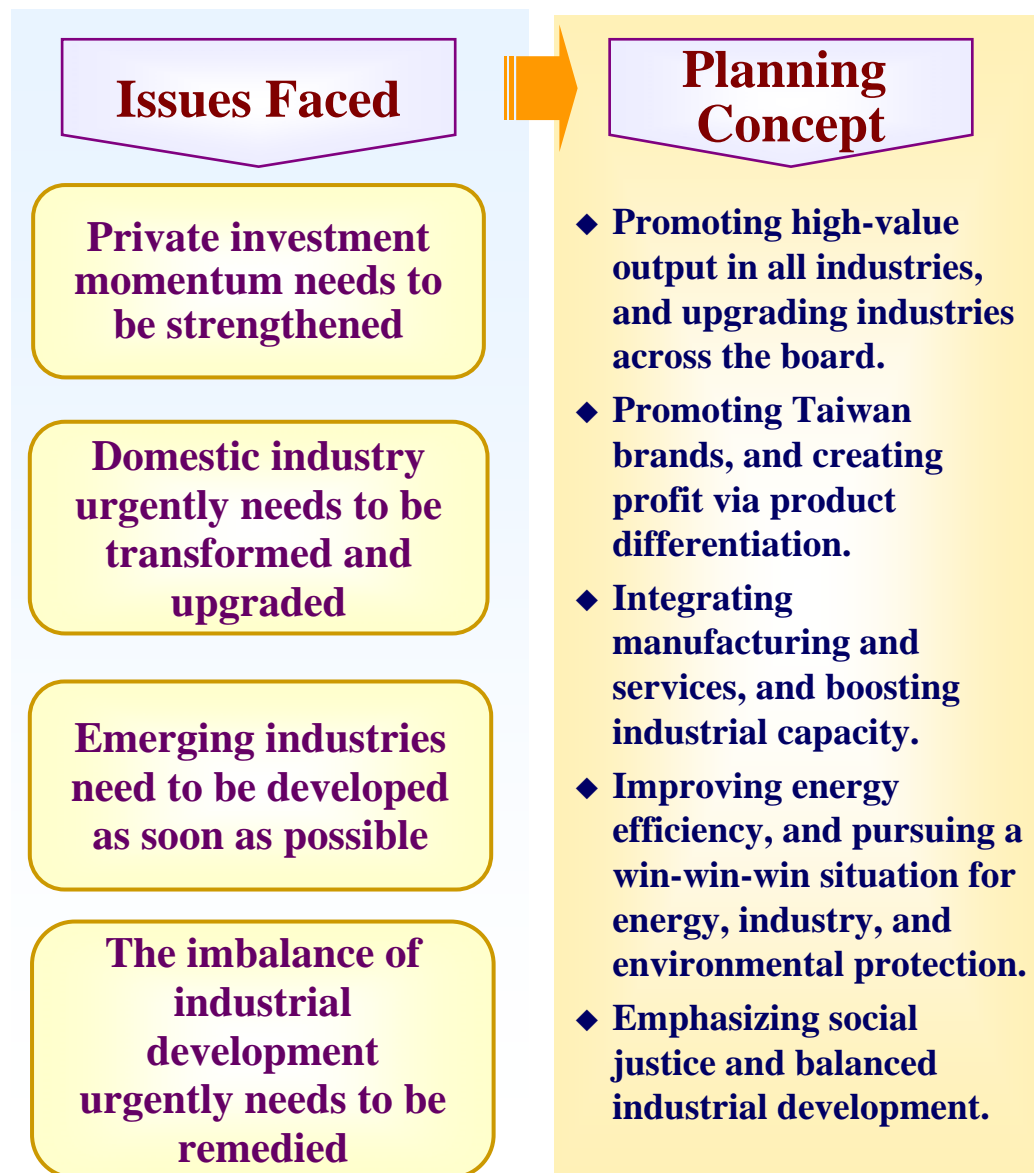
## Targets up to 2015

To give concrete manifestation to the policy implementation theme of “big investment and big warmth” and realize the national development vision of “a prosperous economy, a just society and a sustainable environment,” after giving consideration to the external and internal conditions previously described, the government has set the following macro-development targets for 2015, which it will seek to forge into a broad public consensus and spare no effort to achieve:

- Taiwan to be a unitary “living circle” in which no place is more than **a day trip** away.
- The CPI to rise by no more than **2%** a year.
- Per capita GDP to reach **US\$30,000** (US\$20,000 in 2009).
- The unemployment rate to be kept below **4%**.
- The economic growth rate to be sustained at an average of **5%**.
- The gap between the top and bottom quintiles of income to fall below a ratio of **six**.

# First-Stage Three-Year Sprint Program

## 1. Industrial Development Package



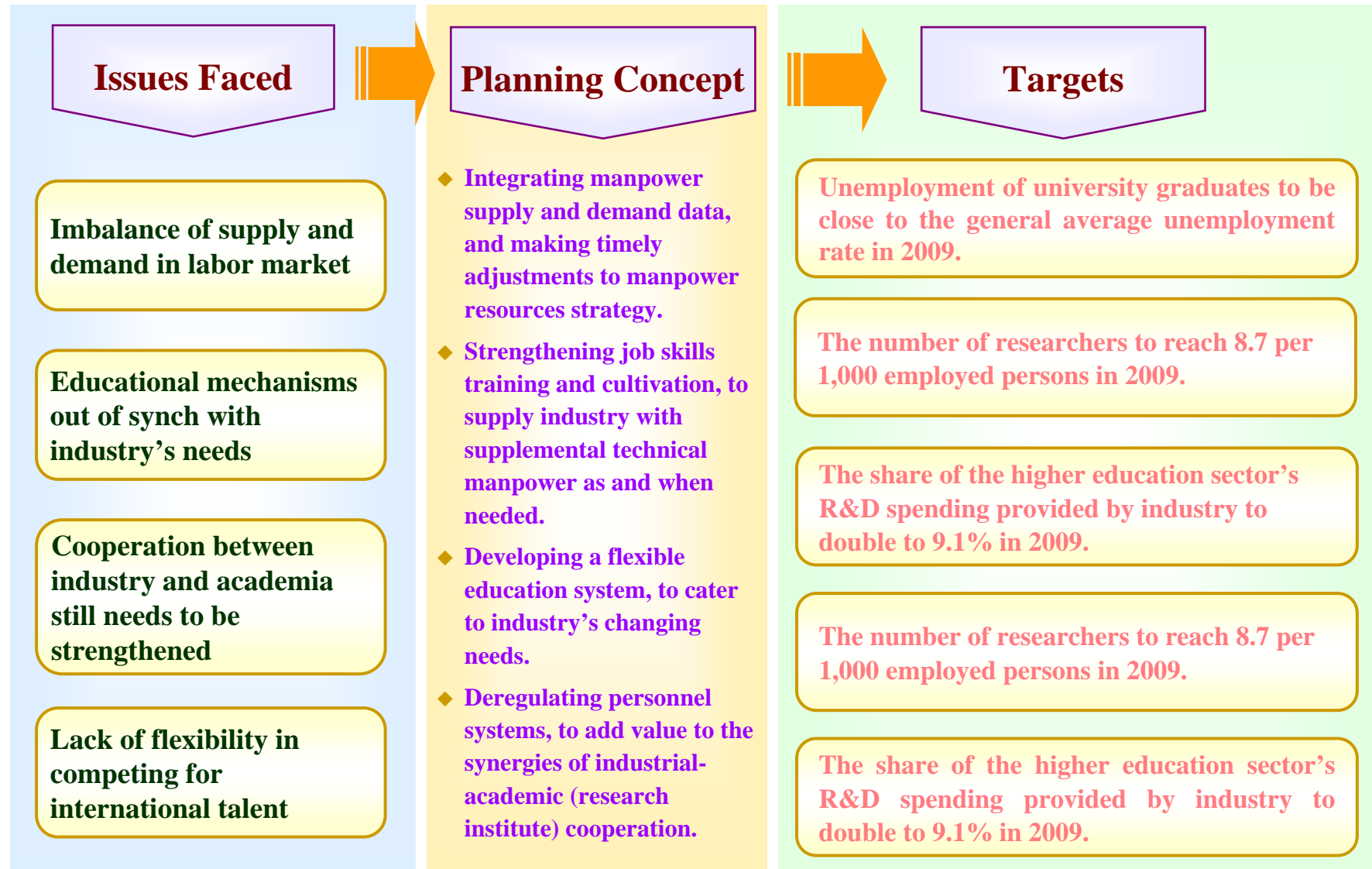
<b>Targets</b>			
	2005	2009	2015
<b>1. Industrial Structure (%)</b>			
Agriculture	1.7	1.5	1.2
Industry	25.0	24.1	22.7
Manufacturing	21.4	20.8	20.0
Services	73.3	74.4	76.2
<b>2. Real growth rate (%)</b>			
Agriculture	-8.1	1.0*	1.0**
Industry	5.9	4.2*	3.9**
Manufacturing	6.5	4.9*	4.3**
Services	3.5	5.7*	5.5**
<b>3. Energy efficiency</b>			
Energy productivity (NT\$/1 liter oil equivalent)	108.7	116.3	-
Energy intensiveness (1 liter oil equivalent /NT\$1,000)	9.2	8.6	-

\*average for 2006-2009  
 \*\* average for 2005-2015

## 2. Financial Markets Package



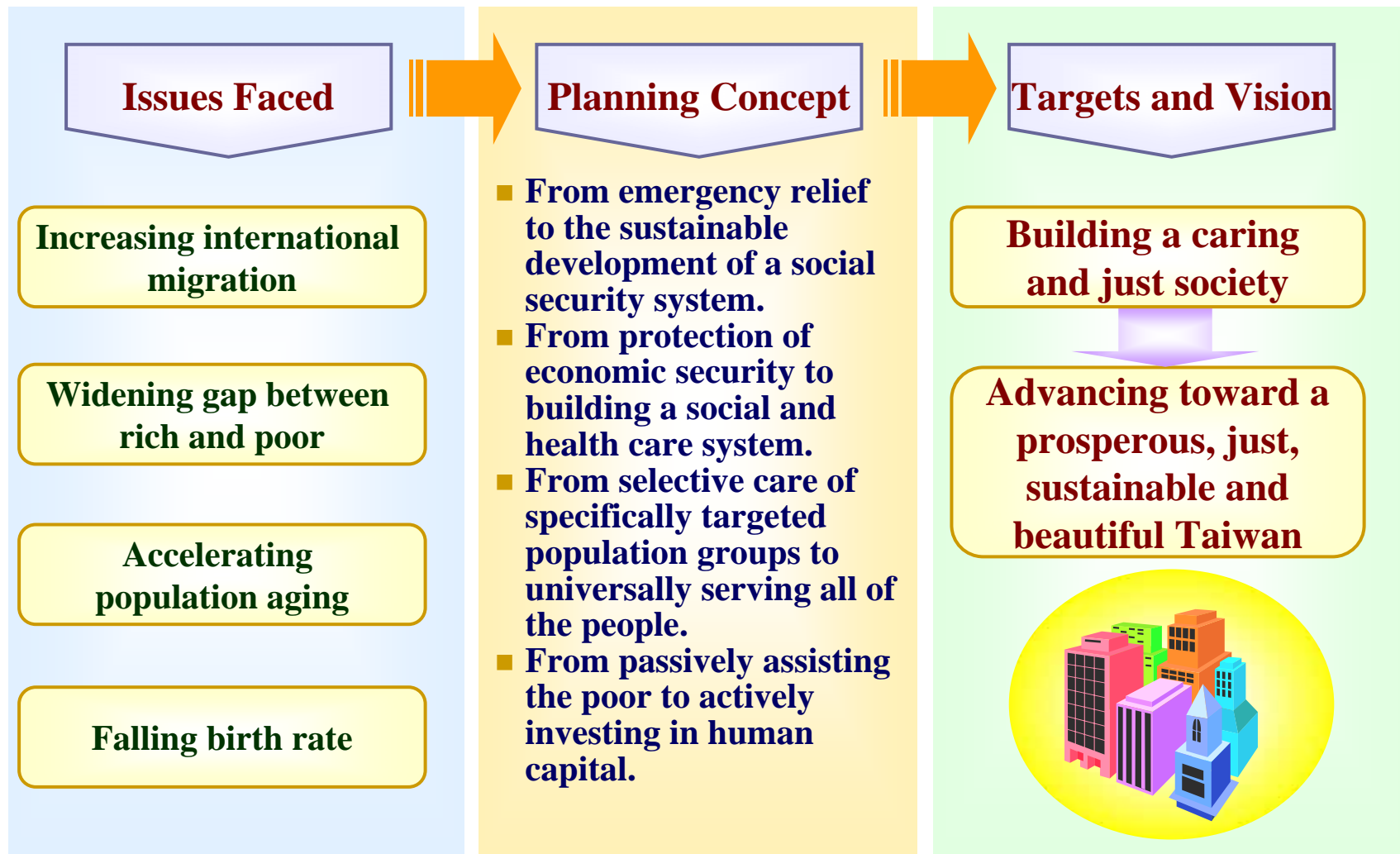
### 3. Industrial Manpower Package



## 4. Public Construction Package



## 5. Social Welfare Package



## Funding Requirements of the Five Packages (2007-2009)

Unit: US\$ million

Five Packages	2007	2008	2009	2007~2009 Total
<b>Industrial Development</b>	1,785.0	2,298.6	2,764.3	6,847.9
<b>Financial Markets</b>	1.0	1.0	1.0	3.0
<b>Manpower Resources</b>	247.2	262.5	275.2	784.9
<b>Public Construction</b>	7,065.2	7,716.6	7,644.9	22,426.8
<b>Social Welfare</b>	1,414.5	1,763.8	2,712.3	5,890.6
<b>Total</b>	10,512.9	12,042.5	13,397.8	35,953.2

# Thank you

This summary is prepared by the Department of Economic Research of the Council for Economic Planning and Development (CEPD). Monthly updates can be found on the CEPD's website at <http://www.cepd.gov.tw/encontent/index.jsp>. For inquiries call 886-2-2316-5681 or send an e-mail to [bci@cepd.gov.tw](mailto:bci@cepd.gov.tw).