

Taiwan's Economic Situation

Summary

In the first half of 2011, Taiwan's economy maintained a stable recovery, but in the second half of the year, the sovereign debt crisis in the Eurozone and deleveraging in the developed economies exerted an adverse impact on Taiwan's external trade. For the year as a whole, exports and imports increased by 12.3% and 12.1% respectively. The unemployment rate averaged 4.39%, and the consumer price index (CPI) increased 1.42%. On the financial side, the monetary aggregate, M2, grew by 5.79%, while the average stock price index stood at 8,155 points. According to the latest estimation, GDP grew 4.03% in 2011, 0.48 of a percentage point below the previous projection by the DGBAS. In December, the overall monitoring indicator flashed the "blue" signal for the second consecutive month, indicating the economy has entered a phase characterized by significant downside risks and fragility.

In order to ease the impact on Taiwan of weak economic conditions in Europe and the US, the government has formulated a comprehensive stimulus package which features seven strategies, including maintaining financial market order, stabilizing prices, creating job opportunities, promoting investment, assisting small and medium-sized enterprises, and boosting domestic consumption.

In 2012, the government will continue to carry out the "Invest in Taiwan" initiative, push forward implementation of the i-Taiwan 12 Projects, step up efforts to promote the development of six major rising industries, ten key service industries, and four main emerging intelligent industries, and carry out the "Homes for Industries, Industries for Homes" plan, to achieve the most advantageous reshaping of Taiwan's industrial structure. These initiatives, backed by an array of employment-promotion measures, should ensure that sound progress is kept up toward endowing Taiwan with a vigorous and sustainable new economy.

% change on previous year	Historical Data				Current Data (2011)				
	2007	2008	2009	2010	Sep.	Oct.	Nov.	Dec.	Jan.-Dec.
GDP	5.70	0.12	-1.81	10.72	-	3.42	-	1.90	-
CPI	1.80	3.53	-0.87	0.96	1.35	1.22	1.01	2.03	1.42
Unemployment rate	3.91	4.14	5.85	5.21	4.28	4.30	4.28	4.18	4.39
Exports	10.1	3.6	-20.3	34.8	9.9	11.7	1.3	0.6	12.3
Imports	8.2	9.7	-27.5	44.2	10.8	11.8	-10.4	-2.7	12.1
Export orders	15.5	1.7	-8.33	20.56	2.7	2.7	2.5	-0.7	7.2
Industrial production	7.8	-1.8	-8.1	26.9	1.6	1.4	-3.6	-8.2	4.6
Monetary aggregate (M2)	4.3	2.7	7.2	4.59	5.85	5.54	5.07	5.01	5.79
Stock market**	8,510	7,024	6,460	7,950	7,385	7,345	7,275	6,969	8,155

Note: * The DGBAS has estimated that Taiwan's real GDP grew 4.03% in 2011.

** Stock index (monthly average).

Sources: The Central Bank of China (CBC), Directorate-General of Budget, Accounting and Statistics

(DGBAS), Ministry of Economic Affairs (MOEA), and Ministry of Finance (MOF)