

Taiwan's Economic Situation

Summary

In July 2012, under the effects of the global economic slowdown, Taiwan's exports decreased sharply by 11.6% from the same month in 2011, while imports decreased by 3.2%. Industrial production fell fractionally by 0.02% and export orders were down 4.4% year on year. Consumer prices (the CPI) climbed by 2.46%, and the unemployment rate rose slightly to 4.31% as a wave of new graduates entered the job market. On the financial side, July's M2 monetary aggregate growth declined to 3.8%, while the stock price index averaged 7,187 points. Although July's Taiwan Business Indicators showed some scattered signs of improvement, the economic situation still faced many challenges. The overall monitoring indicator flashed the "blue" signal for the 9th consecutive month.

In order to actively respond to the impact of European economic weakness on Taiwan's economy, the government will continue to implement the "Economic Climate Response Program" featuring seven sets of strategies for stabilizing finance, holding down prices, increasing employment, promoting investment, helping industries, pepping up consumption, and boosting exports. At the same time, the government will closely monitor prices and take active price stabilization measures to avoid price fluctuation influenced by gasoline and electricity price adjustments.

Furthermore, the government will carry out the next wave of measures for reshaping Taiwan's economic structure, including strengthening technological innovation, bolstering cultural & creative enterprise, enhancing R&D and innovation, promoting the revitalization of traditional industries, and emphasizing the development of service industries, especially those that export services. At the same time, the government will promote the expansion of exports to emerging markets and diversification of export products. These initiatives 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 (2012)				
	2008	2009	2010	2011	Apr.	May.	June	July	Jan.-Jul.
GDP	0.12	-1.81	10.72	4.03	-	-	-0.16	-	-
CPI	3.53	-0.87	0.96	1.42	1.44	1.74	1.77	2.46	1.61
Unemployment rate	4.14	5.85	5.21	4.39	4.10	4.12	4.21	4.31	4.19
Exports	3.6	-20.3	34.8	12.3	-6.4	-6.3	-3.2	-11.6	-5.8
Imports	9.7	-27.5	44.2	12.1	2.1	-10.5	-8.4	-3.2	-5.4
Export orders	1.7	-8.3	20.6	7.2	-3.5	-3.0	-2.6	-4.4	-1.4
Industrial production	-1.8	-8.1	26.9	4.6	-2.3	-0.2	-2.4	-0.02	-2.6
Monetary aggregate (M2)	2.7	7.2	4.6	5.8	4.7	4.4	4.2	3.80	4.61
Stock market**	7,024	6,460	7,950	8,155	7,621	7,357	7,143	7,187	7,494

Note: * The DGBAS estimated that Taiwan's real GDP will grow 1.66% in 2012.

** Stock index (monthly average).

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