

# **TAIWAN'S ECONOMIC SITUATION AND OUTLOOK**

**September 2011**

Council for Economic Planning and Development  
Executive Yuan

WELCOME TO C.E.P.D.

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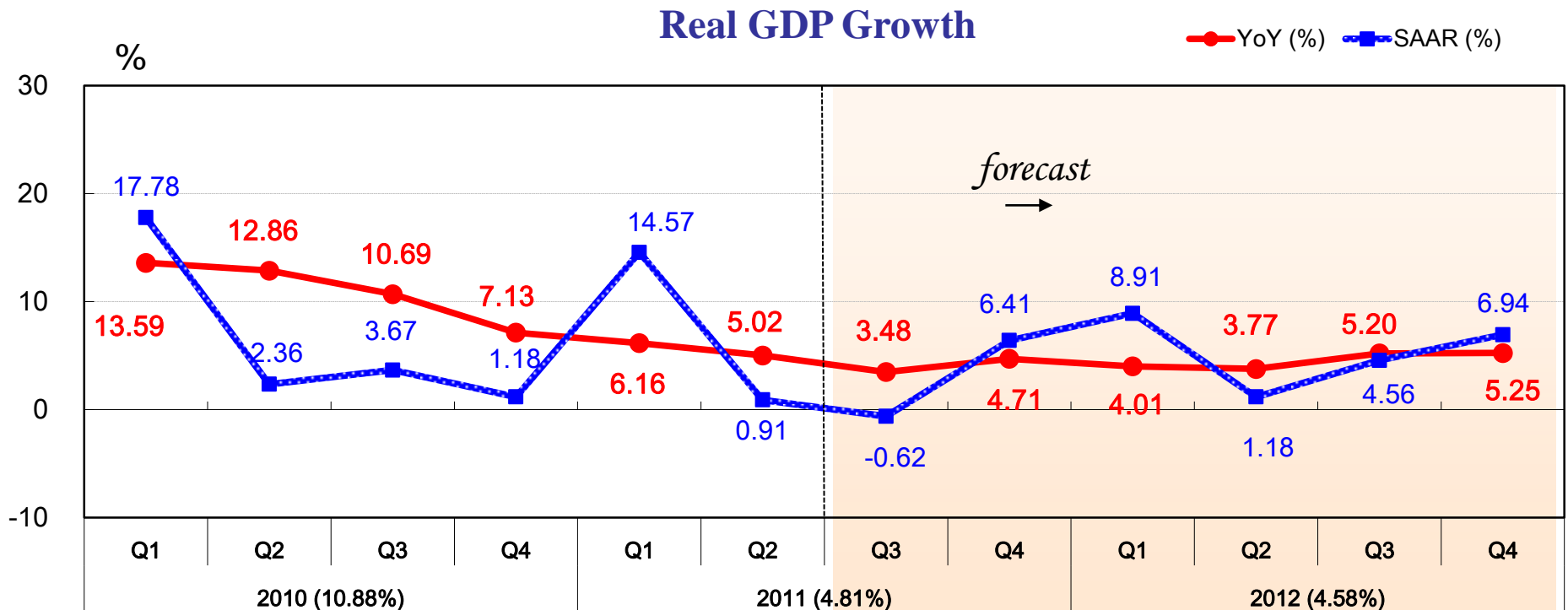
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# I. CURRENT DOMESTIC SITUATION

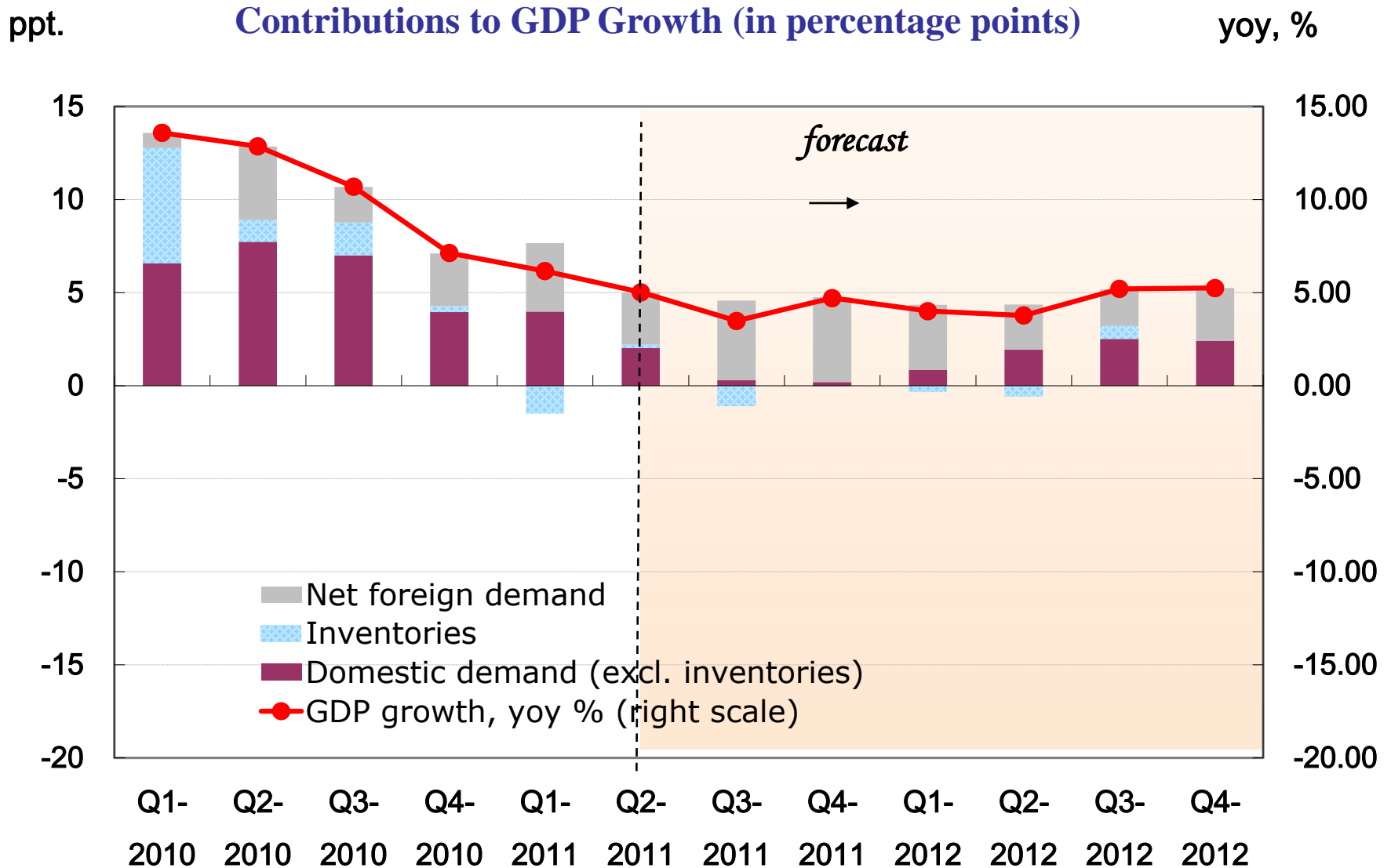
## Economic Growth

- ⇒ In the second half of 2011, the external sector is expected to lose some of its vigor while domestic demand is also expected to cool slightly. Despite the deceleration of both growth drivers, real GDP growth for 2011 is forecast at a solid 4.81%.
- ⇒ In Q2 2011, the external sector remained quite buoyant, with real exports of goods and services up by 4.39% yoy. With domestic consumption up by 2.61% yoy, real GDP is preliminarily estimated to have increased by 5.02% from the same quarter of the previous year.
- ⇒ Expressed as a seasonally adjusted annual rate (SAAR), real GDP increased 0.91% in Q2, considerably better than the contraction of 4.80% forecast in May.



Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), August 2011

# I. CURRENT DOMESTIC SITUATION

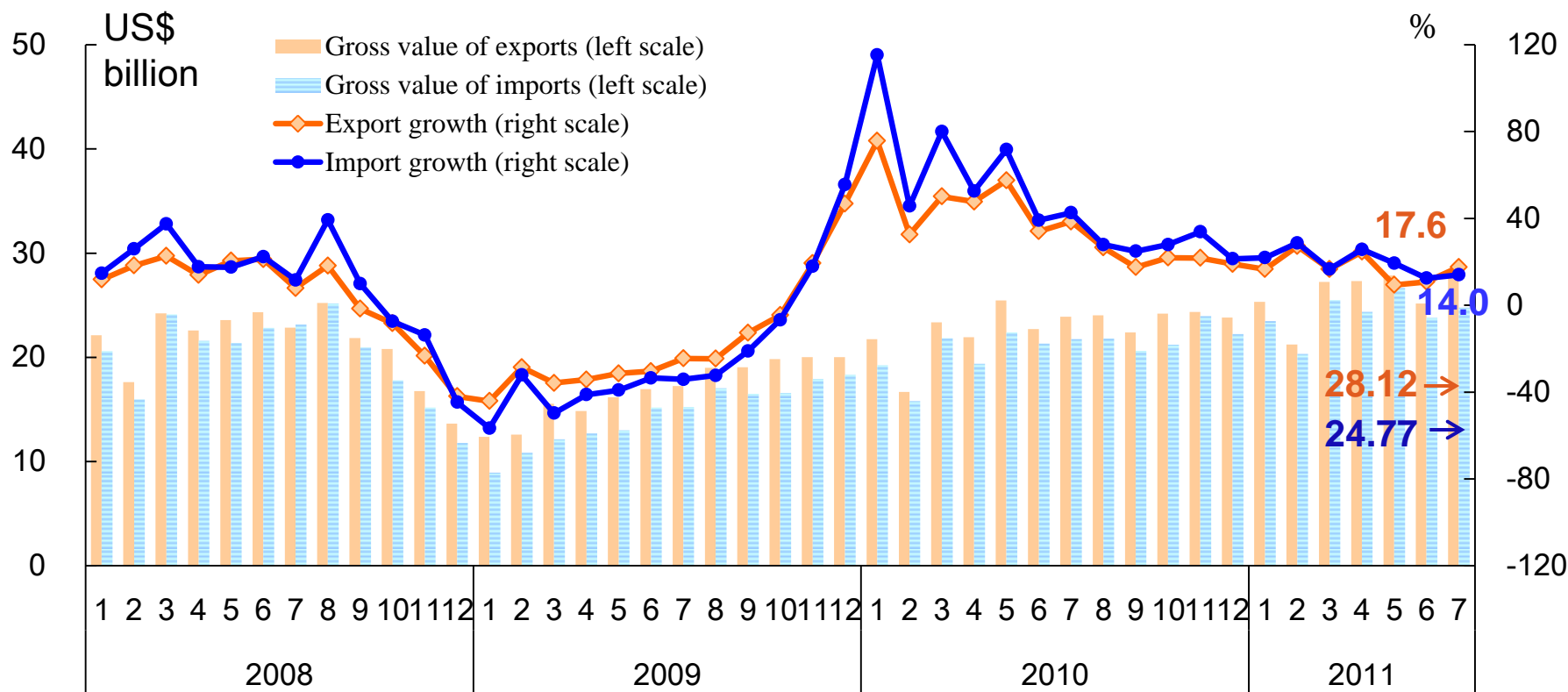


Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), August 2011.

# I. CURRENT DOMESTIC SITUATION

## Foreign Trade

- ⇒ Exports and imports rose by 17.6% and 14.0% year on year in July 2011, growing for the 21st consecutive month, due mainly to the revival of the global economy.
- ⇒ In July 2011, the foreign trade balance amounted to US\$3.3 billion in Taiwan's favor.



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 “re-imports.”

Source: Ministry of Finance.

# I. CURRENT DOMESTIC SITUATION

## Major trade partners

- ⇒ China (including Hong Kong) and ASEAN have become increasingly important trade partners to Taiwan since 2000.
- ⇒ Japan has remained Taiwan's largest supplier of imports, despite a narrowing share. Meanwhile, the higher cost of crude oil has increased the share of imports from the Middle East.

### Changes in Two-Way Trade with Major Trading Partners (yoy %)

	Exports					Imports				
	USA	Japan	Europe	China (incl. Hong Kong)	ASEAN 6*	USA	Japan	Middle East	China (incl. Hong Kong)	ASEAN 6*
2002	-2.7	-5.0	-5.9	29.4	7.4	-0.8	5.5	9.8	24.2	3.7
<b>2002 Share</b>	<b>20.2</b>	<b>9.1</b>	<b>13.9</b>	<b>32.1</b>	<b>11.9</b>	<b>16.1</b>	<b>24.2</b>	<b>6.4</b>	<b>8.7</b>	<b>14.7</b>
2003	-3.0	0.5	10.4	23.6	10.5	-6.9	19.6	43.7	30.9	5.2
2004	8.3	11.1	14.7	28.8	33.0	28.2	33.6	34.6	47.7	16.2
2005	1.3	9.4	-0.8	12.2	13.8	-2.8	5.3	36.5	16.2	3.8
2006	11.2	7.9	10.5	14.8	13.8	7.1	0.5	30.1	20.1	10.4
2007	-0.9	-2.2	9.7	12.6	16.7	17.0	-0.8	11.7	11.9	1.7
2008	-4.0	10.2	4.6	-0.8	7.3	-0.7	1.2	39.9	10.2	8.0
2009	-23.5	-17.4	-24.6	-15.9	-21.5	-31.0	-22.1	-42.2	-22.3	-22.8
2010	33.6	24.3	30.1	37.1	37.2	39.8	43.3	39.4	47.1	45.6
<b>2010 Share</b>	<b>11.5</b>	<b>6.6</b>	<b>10.7</b>	<b>41.8</b>	<b>15.1</b>	<b>10.1</b>	<b>20.7</b>	<b>12.5</b>	<b>15.0</b>	<b>11.5</b>
2011 Jan-July	25.1	5.6	14.8	10.8	26.2	13.1	6.7	19.4	32.1	19.6

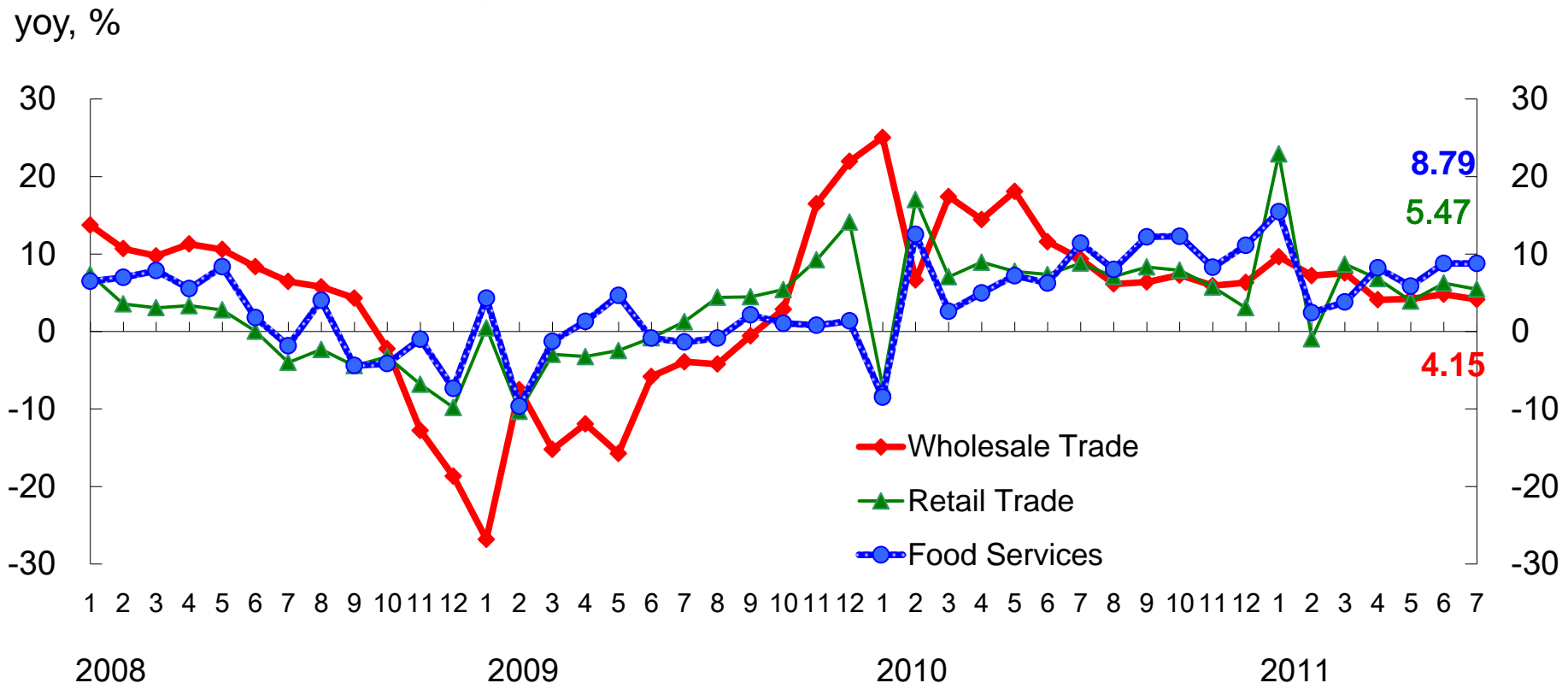
\*ASEAN 6 refers to Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Source: Ministry of Finance.

# I. CURRENT DOMESTIC SITUATION

## *Domestic consumption*

- ⇒ With consumer confidence improving significantly due to rising employment and booming financial markets, private consumption grew by 3.12% from a year earlier in Q2 2011, while government consumption increased by 0.4%.
- ⇒ Owing to the ongoing revival of the domestic economy, sales of retail trade and food services posted an annual increase of 4.61% for July 2011, contributed largely by an 8.79% increase in food services. Retail trade and wholesale trade increased 5.47% and 4.15%, respectively.

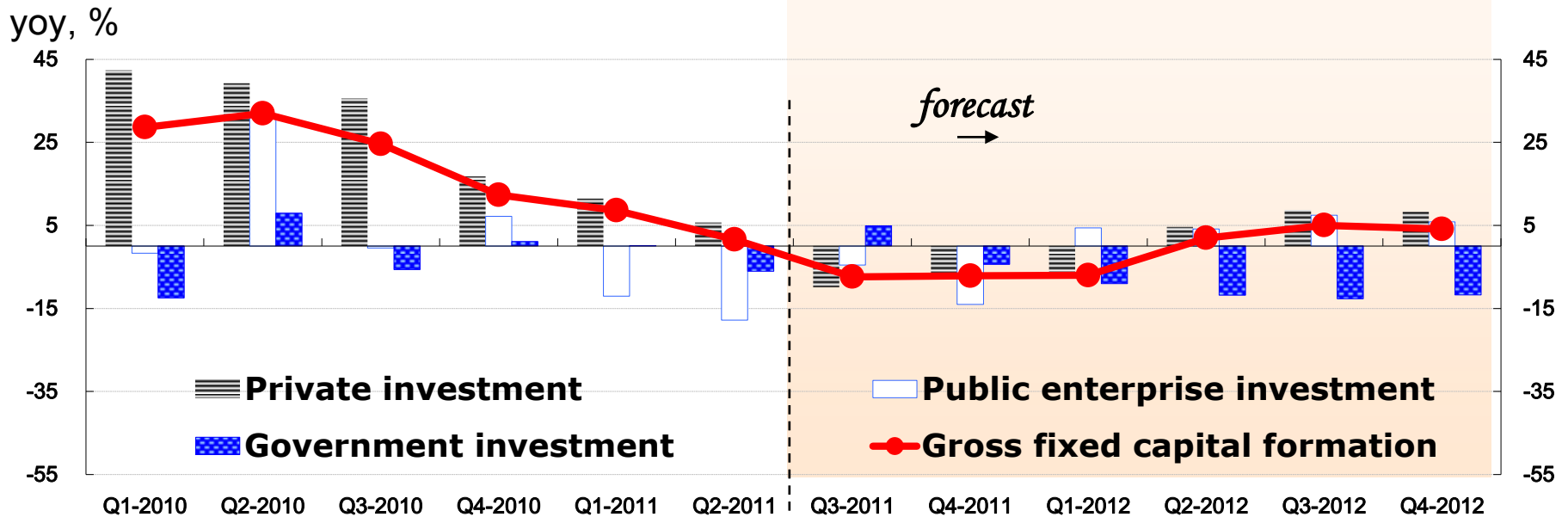


Source: Ministry of Economic Affairs.

# I. CURRENT DOMESTIC SITUATION

## Domestic Investment

- ⇒ With high-tech firms increasing capital expenditure to improve production processes and expand capacity, private investment soared by 5.66% in Q2 2011. Because of the decrease of capital expenditure by Taiwan Power Company and Taiwan CPC Corporation, public enterprise investment decreased 17.80% in the same quarter. Government investment diminished by 6.09%.
- ⇒ As a result, gross fixed capital formation increased 1.60% in Q2 2011, growing for the seventh consecutive quarter.
- ⇒ Private investment is forecast to increase by 3.43% in 2012, due to production process improvement and capacity expansion to meet strong export demand.



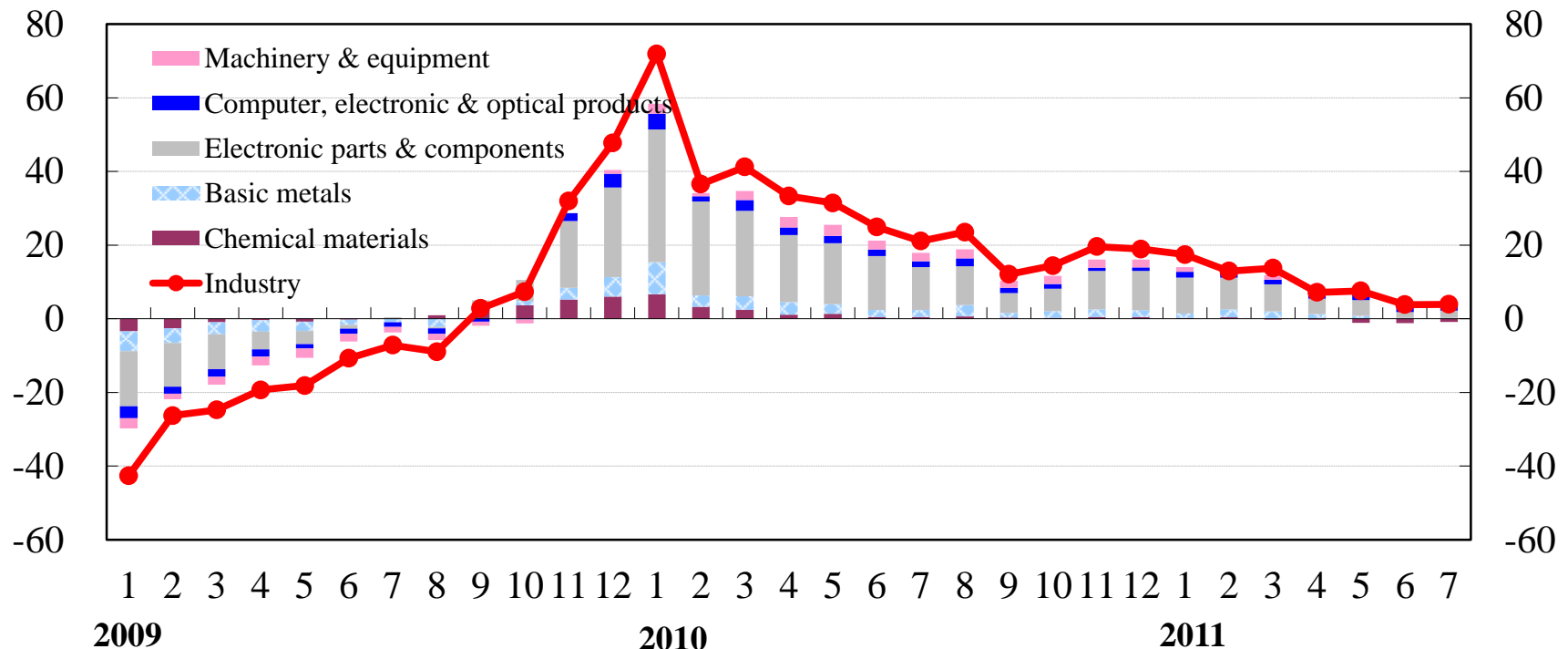
# I. CURRENT DOMESTIC SITUATION

## Industrial Production

- ⇒ The industrial production index showed a year-on-year increase of 3.93% in July 2011. Building construction output soared 36.24% and manufacturing output rose 3.73%, while mining & quarrying decreased 4.36%, electricity & gas supply decreased 0.85%, and water supply decreased 3.00%.
- ⇒ The semiconductor, panel, machinery and basic metal industries were still the main contributors to the industrial production index, while chemical materials made a negative contribution owing to the surging international price of fuel.

**Growth of Industrial Production Index**

yoy %



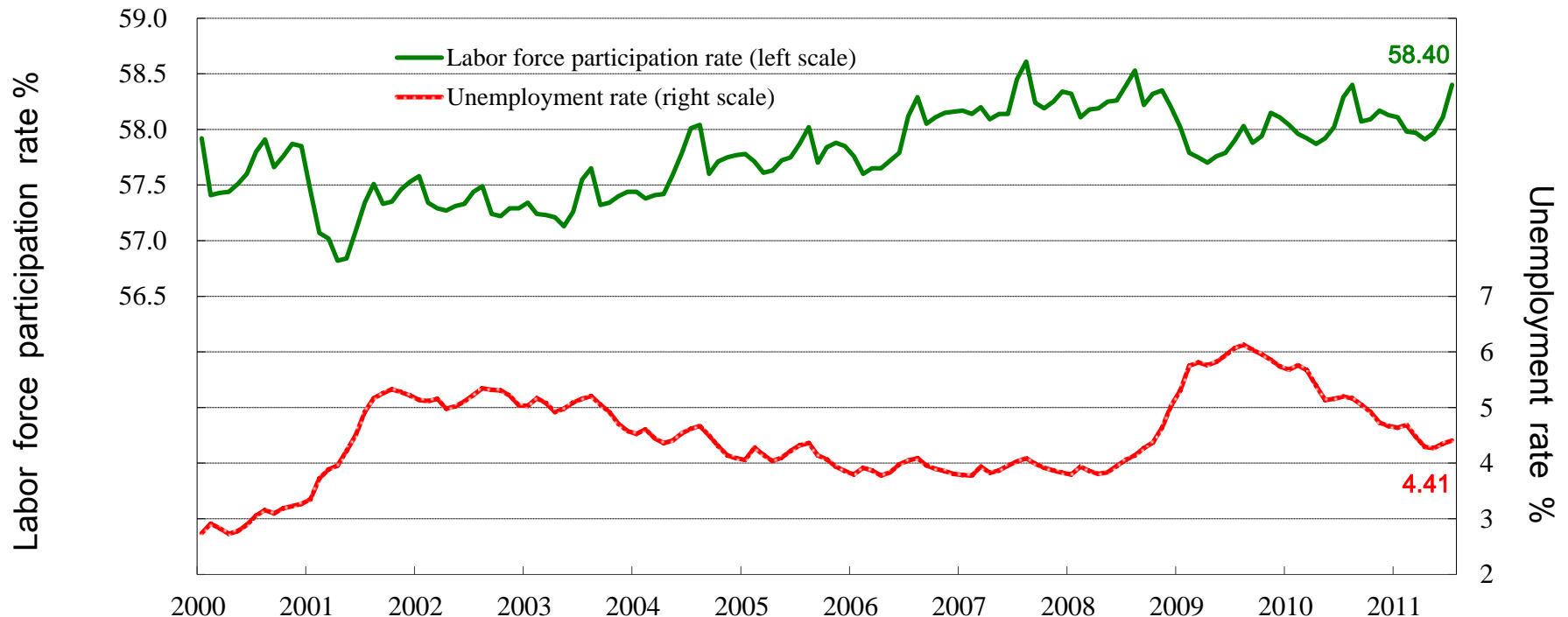
Source: Ministry of Economic Affairs.

# I. CURRENT DOMESTIC SITUATION

## *Unemployment Rate and Labor Force Participation Rate*

⇒ In July 2011, the unemployment rate increased to 4.41%, up 0.06 of a percentage point from the previous month, and 0.79 percentage points lower than a year earlier. The seasonally adjusted unemployment rate dipped to 4.37%.

⇒ The labor force participation rate decreased by 0.29 of a percentage point from the previous month to 58.4%, down 0.11 of a percentage point from a year earlier.

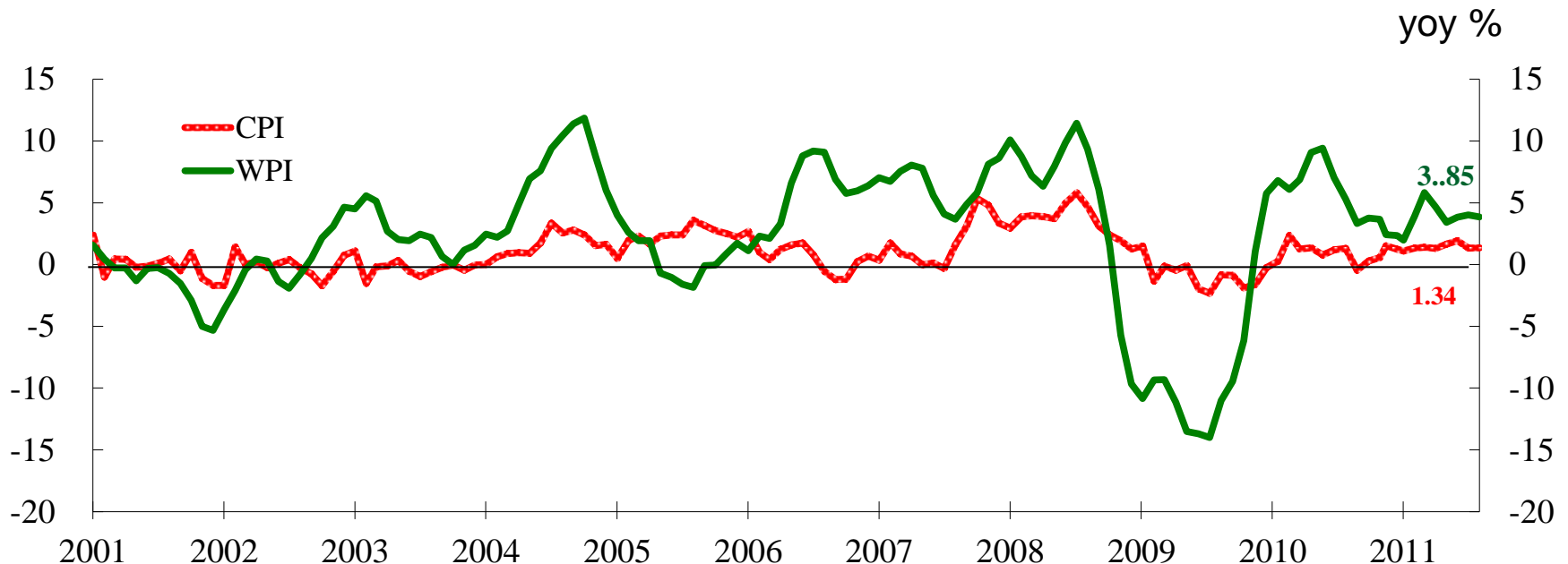


Source: Directorate-General of Budget, Accounting and Statistics, August 2011

# I. CURRENT DOMESTIC SITUATION

## Prices

- ⇒ In August 2011, Taiwan's CPI increased by 1.34% from the same month last year. The most significant changes in CPI components were increases in the prices of clothing, fuels & lubricants, and food. Core prices (excluding fresh food and energy prices) increased 1.26%.
- ⇒ The WPI in August rose by 3.85% year on year, due mainly to the surging prices of crude petroleum & natural gas, chemical materials, and basic metals. These price rises were partially offset by declining prices of electronic parts and components.

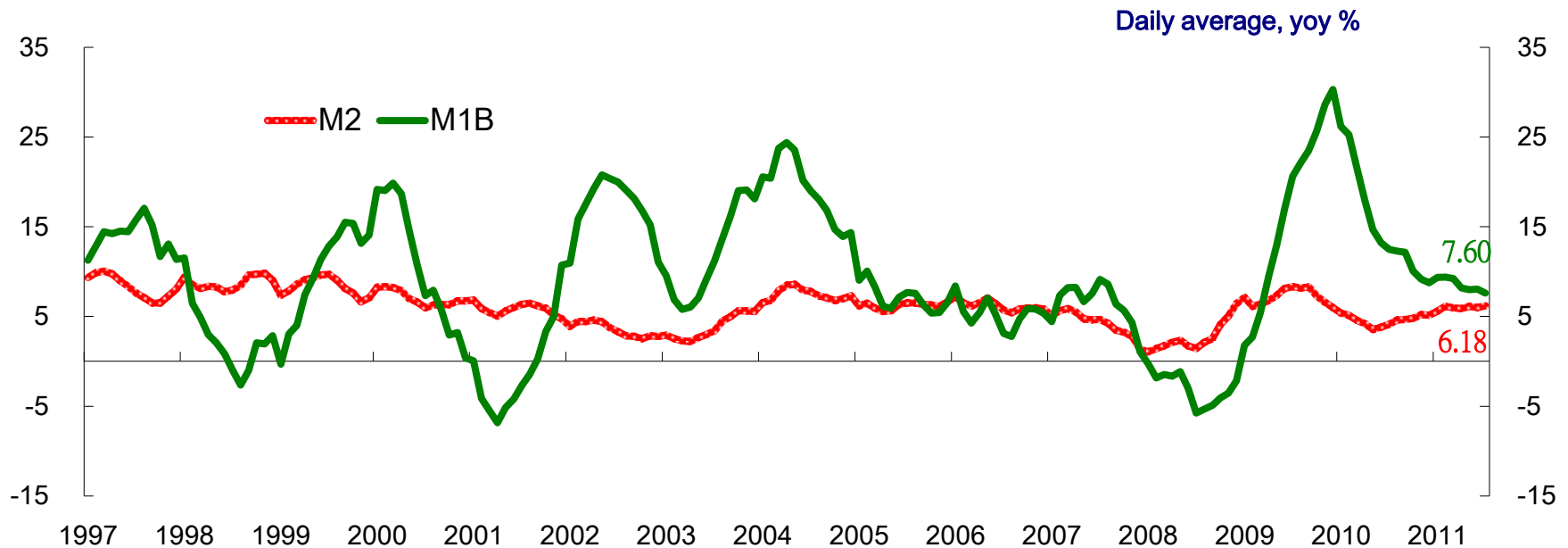


Source: Directorate-General of Budget, Accounting and Statistics, September 2011

# I. CURRENT DOMESTIC SITUATION

## Money Supply

- ⇒ Due mainly to the transfer of demand deposits to time and savings deposits, the annual growth rates of M1B in July 2011 declined to 7.60%. The annual growth rate of M2 rose to 6.18%, caused by an increase in net foreign assets of banks in July.
- ⇒ The monthly growth rates of M1B and M2 were 0.50% and 0.61%, respectively.

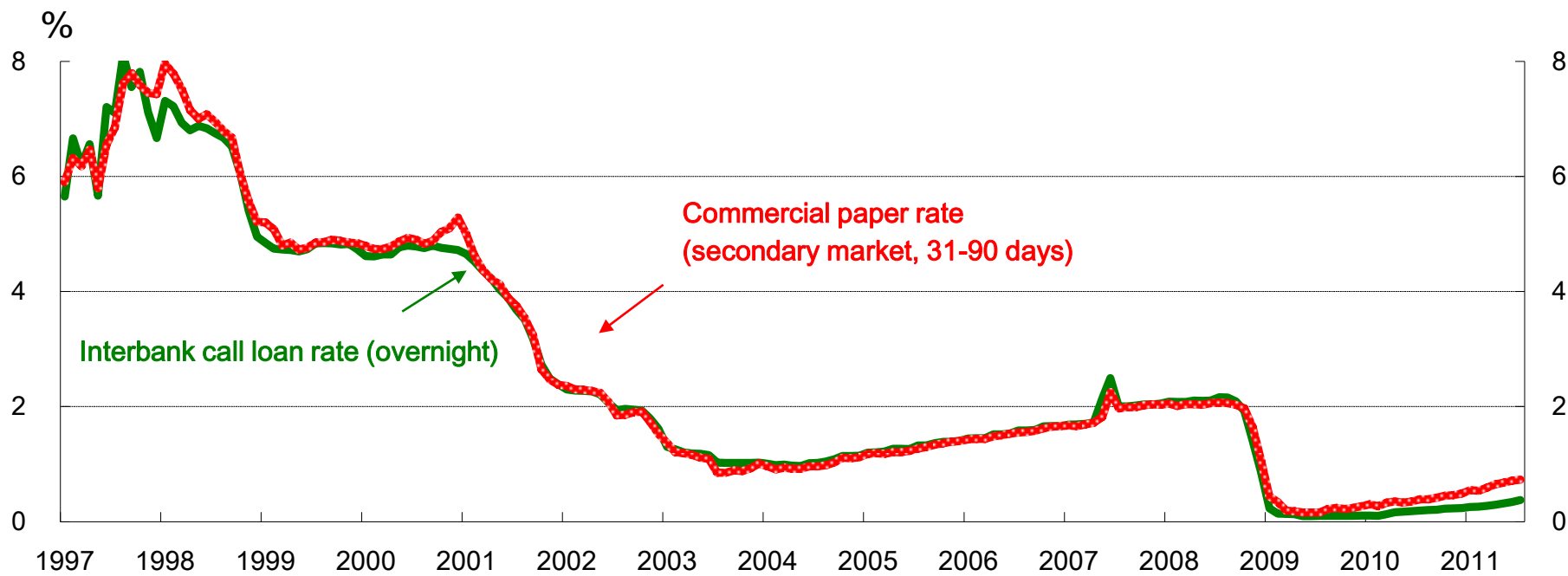


Source: Central Bank of China (Taiwan).

# I. CURRENT DOMESTIC SITUATION

## Short-term Interest Rates

- ⇒ With the economic outlook improving conspicuously, the commercial paper and interbank rates in July 2011 rose to 0.73% and 0.375%, respectively. Since inflation risks to the global economy remain elevated and market interest rates have also moved up in recent months, the CBC raised interest rates again on June 30, which was the fifth policy rate increase since last June.

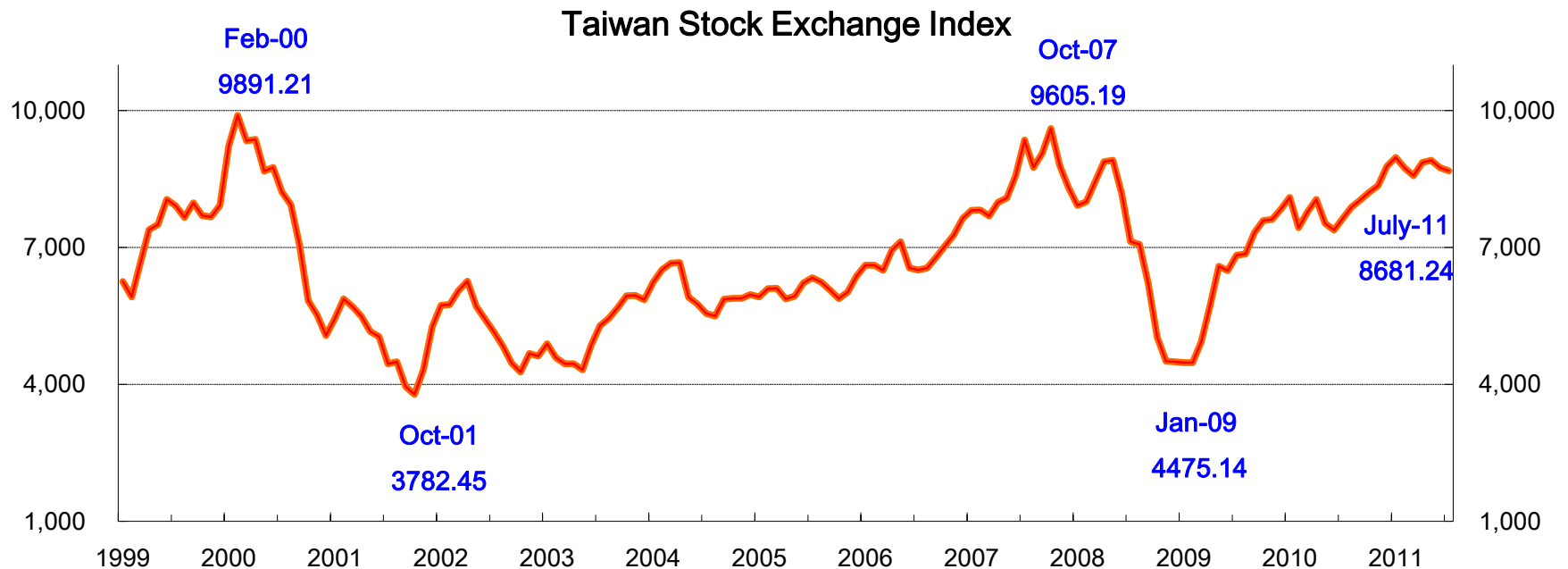


Source: Central Bank of China (Taiwan).

# I. CURRENT DOMESTIC SITUATION

## Stock Price

- ⇒ In the first half of 2011, the interplay of the global economic recovery, tightening monetary policy in mainland China, European debt crisis fears, and Japan's earthquake had a fluctuating effect on Taiwan's stock exchange index.
- ⇒ In July 2011, the sovereign debt crises in euro countries, plus the debt-ceiling crisis and the weak recovery of employment and real estate in the US had a dampening effect on investor confidence, causing the average closing level of Taiwan's stock exchange index to slip to 8681.24, down 0.78% from June.

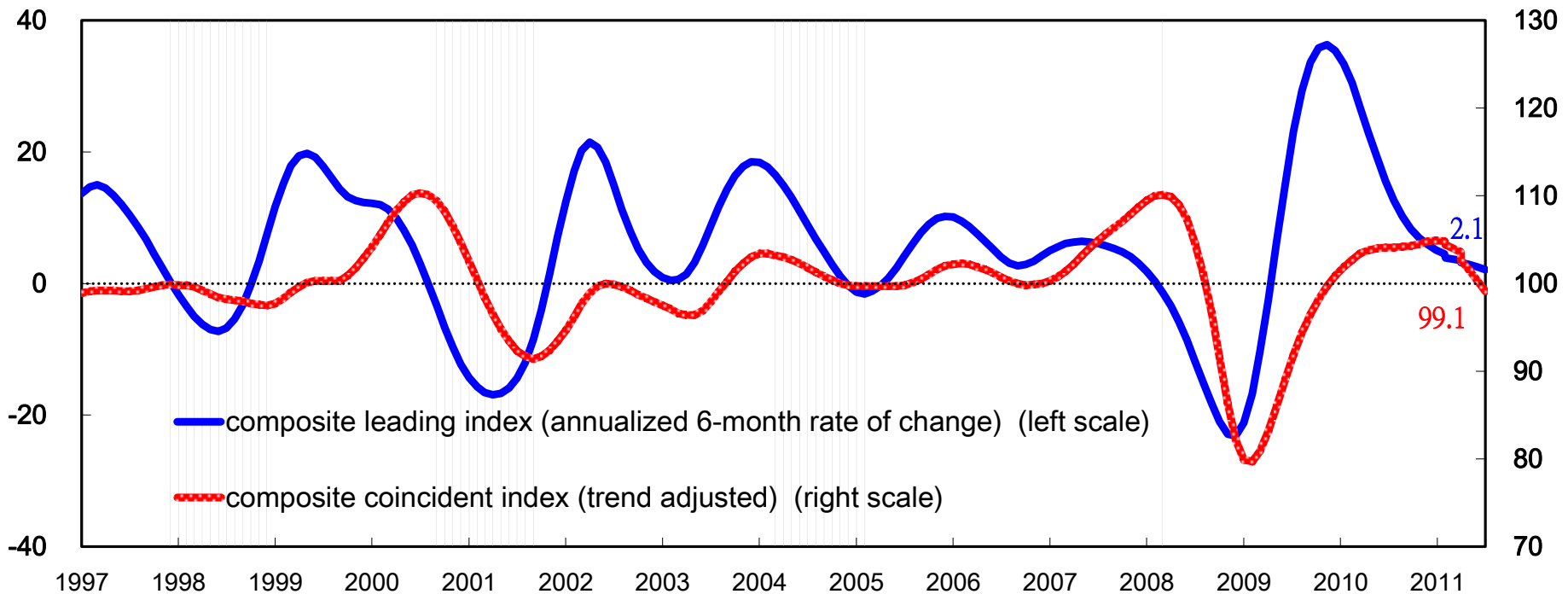


Source: Taiwan Stock Exchange.

# I. CURRENT DOMESTIC SITUATION

## *Taiwan Business Indicators*

⇒ In July 2011, affected by the slowdown in global economic activity, the annualized six-month rate of change of the leading index was 2.1%, down by 0.4 of a percentage point from June, and the trend-adjusted coincident index also decreased by 1.2% to 99.1.



Note: The shaded areas represent recessions. Source: CEPD

# I. CURRENT DOMESTIC SITUATION

## Monitoring Indicators

⇒ Due to the steady growth of Taiwan's economy, the monitoring indicators posted a total score of 24 in July 2011, continuing to flash "green" as the overall light signal.

	2010							2011							
	6	7	8	9	10	11	12	1	2	3	4	5	6	7	
Total	Light														
	Score	37	38	38	37	34	32	34	34	34	31	29	27	25 <sub>2</sub>	24
Monetary Aggregates M1B															7.6
Direct and Indirect Finance															4.8
Stock Price Index															13.6
Industrial Production Index															7.2
Nonagricultural Employment															2.19
Customs-Cleared Exports															4.3
Imports of Machineries and Electrical Equipments															-7.8
Manufacturing Sales															3.4 <sub>2</sub>
Sales Index of Wholesale, Retail and Food Services															1.4

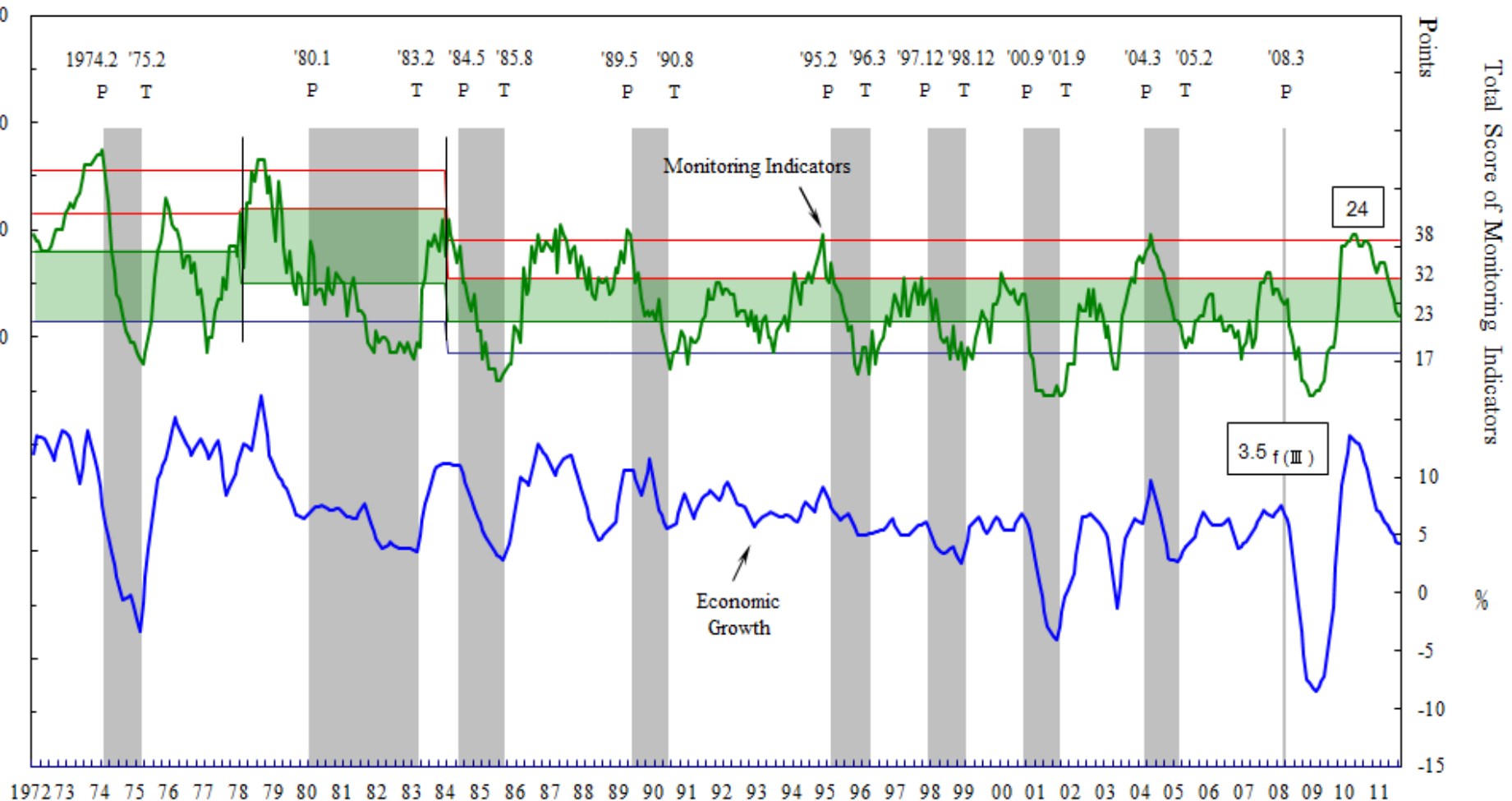
● Booming   ● Transitional   ● Stable   ● Transitional   ● Sluggish

\*Components are in terms of percentage changes over 1-year span. All components, except stock price index, have been seasonally adjusted.

Source: Council for Economic Planning and Development (CEPD).

# I. CURRENT DOMESTIC SITUATION

## Monitoring Indicators and Economic Growth



Note: The shaded areas represent recessions. Source: CEPD

## II. PROSPECTS FOR 2011/2012

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### ⇒ **Taiwan's economy shifting to moderate growth**

- In line with the strength of recovery in emerging economies, Taiwan's real GDP grew by 10.88% in 2010, the highest GDP growth rate since 1987.
- In the first half of 2011, Taiwan posted a year-on-year real GDP growth rate of 5.58%, higher than Singapore and South Korea but lower than Hong Kong.
- In the latest estimation of the DGBAS, the 2011 GDP growth forecast has been revised to 4.81%, down 0.2 of a percentage point from July's forecast of 5.01%, due to the increasingly uncertain outlook for the global economy in the second half of this year. 2012 GDP growth is projected at 4.58%.
- Per capita GNP is projected to rise to US\$21,280 in 2011 and US\$22,176 in 2012.

## II. PROSPECTS FOR 2011/2012

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### ⇒ **Export growth expected to continue**

- The launch of innovative ICT products, the boost from the signing of the cross-strait Economic Cooperation Framework Agreement (ECFA), and rising demand for electronic and mechanical products due to the increasing labor costs in mainland China, contributed to a 7.60% expansion of Taiwan's goods and services exports in the first half of 2011. Over the whole of 2011 and 2012, exports are projected to increase by 6.18% and 6.64% respectively.
- In the first half of 2011, goods and services imports grew 4.02% due to rising demand induced by export and investment, plus soaring prices of raw materials. In 2011 and 2012, imports are projected to grow by 1.24% and 4.09% respectively.

### ⇒ **Private consumption showing significant growth**

- Consumer confidence and spending have been boosted by the improving employment situation and rising incomes generated by the economic recovery, as well as the increasing flow of new consumer electronic products coming onto the market. The growth rate of Taiwan's private consumption was 3.75% in the first half of 2011, which was the highest rise for the period since 2005.
- Private consumption is projected to rise by 3.55% in 2011 and 3.18% in 2012.

## II. PROSPECTS FOR 2011/2012

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### ⇒ Domestic investment likely to contract

- Private investment grew 8.49% in the first half of 2011 as high-tech firms increased capital expenditure in order to meet rising export demand. But in the second half of 2011, private investment is forecast to decline by 8.43% due to the increasing uncertainty of the global economic outlook, high-investment industries (such as semiconductors and optoelectronics) decelerating production capacity expansion in line with the recent decline of capacity utilization, and the high-base effect. Over the whole of 2011 and 2012, private investment is projected to decrease by 0.52% and increase by 3.43%, respectively.
- Because of the ongoing expansion of spending on public infrastructure, government investment in 2011 is expected to reach NT\$496 billion, but will still show a decline of 1.72% due to the high-base effect. In 2012, government investment is forecast to decline by 11.55% as special budgets for economic revitalization public construction and reservoir management reach termination.

## II. PROSPECTS FOR 2011/2012

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### ⇒ Inflation rising moderately

- Wholesale price inflation is expected to recede as flagging global economic growth puts downward pressure on international oil prices, and some raw material prices gradually decline. The WPI is forecast to rise by 3.76% for the whole of 2011, and to rise by 1.36% in 2012 due to the high-base effect.
- Since inflationary pressure on domestic prices has been eased by falling international energy and raw material prices, as well as by stable climatic conditions (with minimal typhoon damage suffered this summer), and active government price stabilization measures taking effect, the CPI is forecast to rise by just 1.59% in the whole of 2011, lower than the previous forecast of 1.89%. In 2012, the CPI is forecast to rise by 1.21%.

# Forecasts for Taiwan's Economy

	Real GDP (yoy, %)		Consumer Prices (yoy, %)	
	2011 <sub>f</sub>	2012 <sub>f</sub>	2011 <sub>f</sub>	2012 <sub>f</sub>
<b>DGBAS (2011.8)</b>	<b>4.81 [5.01]</b>	<b>4.58</b>	<b>1.59 [1.89]</b>	<b>1.21</b>
<b>IEAS (2011.7)</b>	<b>5.52 [4.71]</b>	-	<b>2.16 [1.88]</b>	-
<b>TIER (2011.7)</b>	<b>5.70 [5.72]</b>	-	<b>2.41 [2.48]</b>	-
<b>CIER (2011.7)</b>	<b>5.02 [4.29]</b>	<b>4.93 [4.75]</b>	<b>1.70 [1.47]</b>	<b>1.60 [1.78]</b>
<b>Polaris (2011.6)</b>	<b>5.20 [4.78]</b>	-	<b>2.05 [2.05]</b>	-
<b>Global Insight (2011.8)</b>	<b>4.7 [4.9]</b>	<b>5.2 [5.7]</b>	<b>1.8 [2.1]</b>	<b>1.9 [2.4]</b>
<b>EIU (2011.08)</b>	<b>4.4 [4.4]</b>	<b>4.5 [4.5]</b>	<b>1.8 [1.9]</b>	<b>1.7 [1.7]</b>
<b>IMF (2011.04)</b>	<b>5.4 [4.4]</b>	<b>5.2</b>	<b>2.0 [1.5]</b>	<b>2.0</b>
<b>ADB (2011.07)</b>	<b>4.8 [4.0]</b>	<b>5.0</b>	<b>2.8 [1.6]</b>	<b>2.9</b>

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

TIER: Taiwan Institute of Economic Research, Taipei.

IEAS: Institute of Economics, Academia Sinica

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

Polaris: Polaris Research Institute.

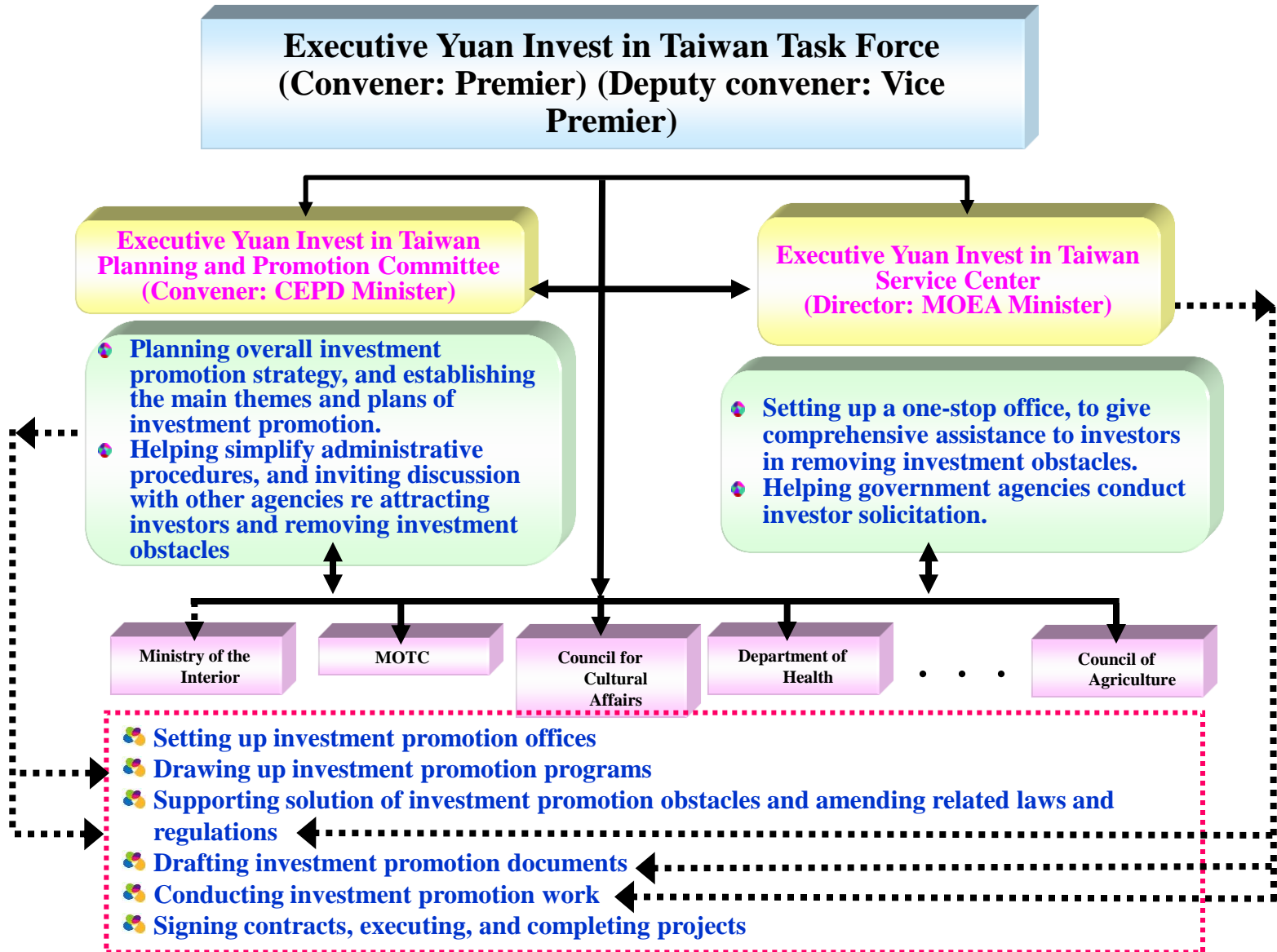
[ ] indicates the value of previous forecasts.

# III. Conclusion

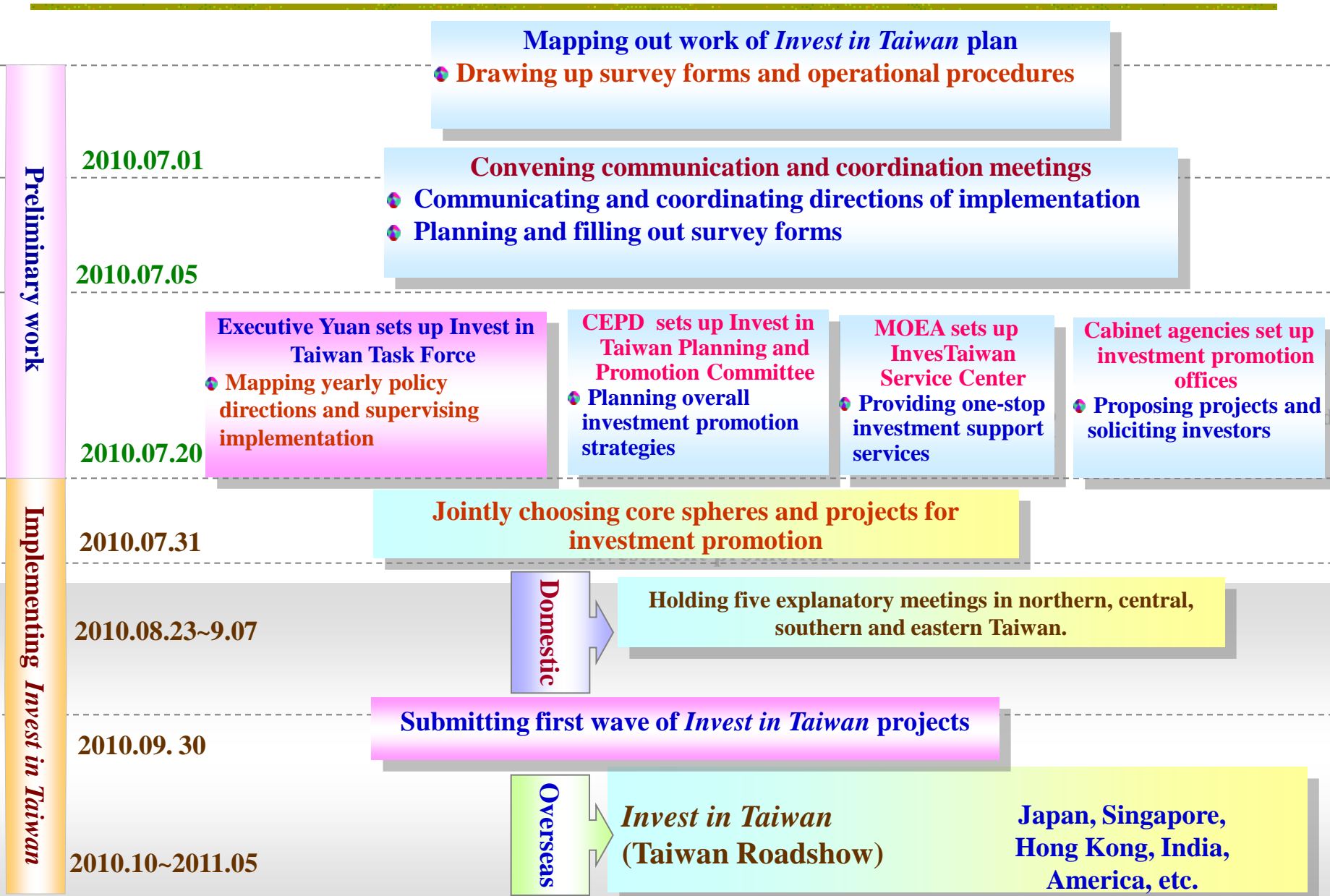
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- In the first half of 2011, Taiwan's real GDP grew 5.58% yoy, mainly on the back of substantial growth in exports and private consumption. With the increasingly uncertain outlook for the global economy in the second half of the year, balanced by continuing strong demand from emerging economies and improving domestic consumption, Taiwan's real GDP is projected to grow by 4.81% in 2011. In 2012, real GDP is forecast to grow by 4.58% based on moderate growth of exports induced by sustained economic interaction with mainland China and positive growth of private consumption and investment.
- In order to ease the impact of economic weakness in Europe and the US on Taiwan's exports, the government should speed up the elimination of investment barriers and promote the expansion of exports to Asia and emerging markets.
- At the same time, 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.

## Organizational Structure of *Invest in Taiwan*



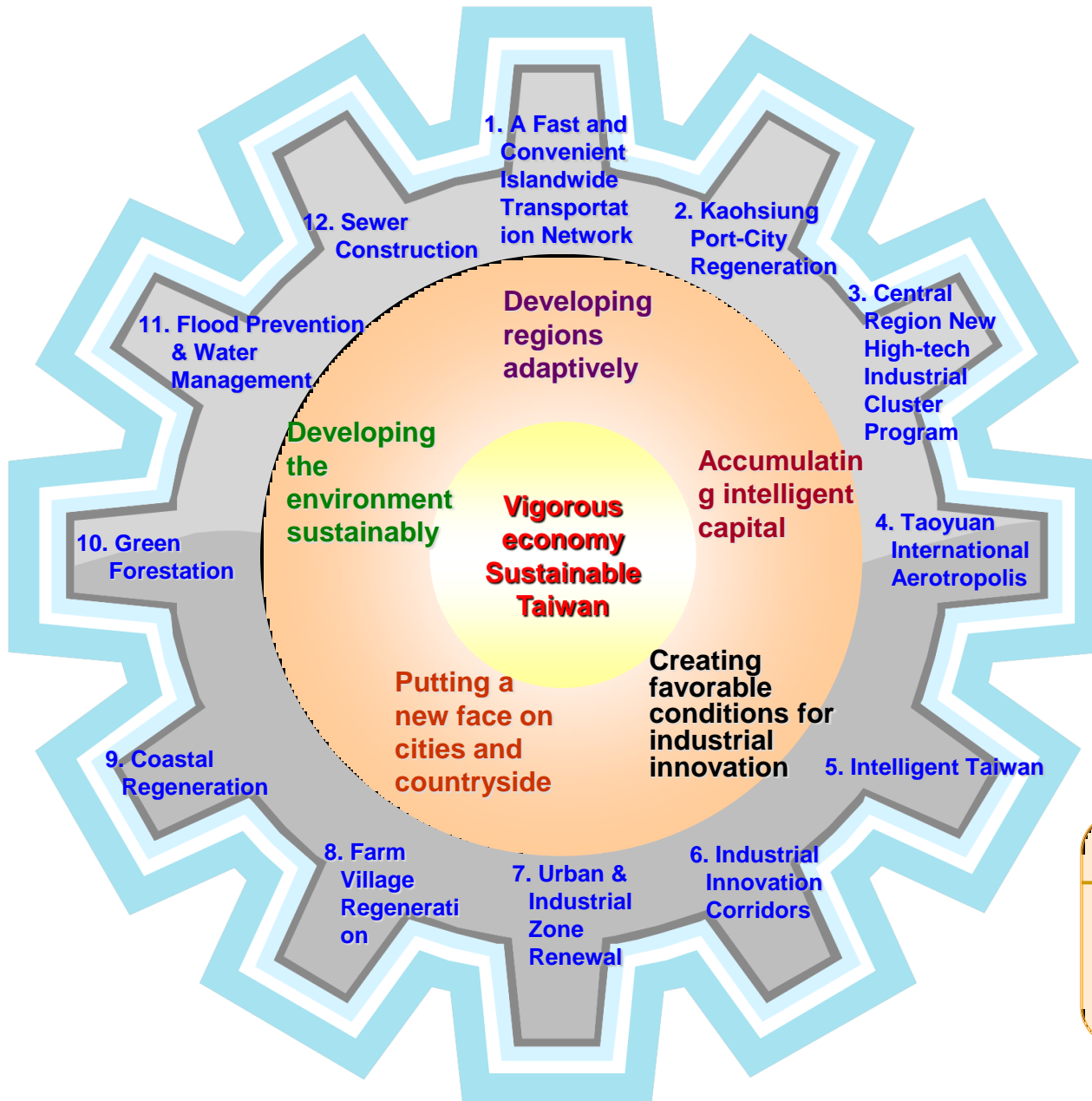
# Timeframe of *Invest in Taiwan* (July~December)



# 32 Public Construction Projects and Rising Industries

Investment Targets		Authorities in Charge	Investment Targets		Authorities in Charge
i-Taiwan 12 Projects	1. A Fast and Convenient Islandwide Transportation Network	MOTC	Six major rising industries	1. Biotechnology	Science & Technology Advisory Group
	2. Kaohsiung Port-City Regeneration	MOTC		2. Travel & tourism	MOTC
	3. Central Region New High-tech Industrial Cluster Program	National Science Council		3. Green energy	MOEA
	4. Taoyuan International Aerotropolis	MOTC		4. Medical care	Dept. of Health
	5. Intelligent Taiwan	Science & Technology Advisory Group		5. High-end agriculture	Council of Agriculture
	6. Industrial Innovation Corridors	MOEA		6. Cultural & creative enterprises	Council for Cultural Affairs
	7. Urban and Industrial Zone Renewal	MOI	Ten key service industries	1. Internationalization of Taiwan's cuisine	MOEA
	8. Farm Village Regeneration	Council of Agriculture		2. International medicine	Dept. of Health
	9. Coastal Regeneration	Council of Agriculture		3. Music and digital content	GIO; MOEA
	10. Green Forestation	Council of Agriculture		4. MICE industry	MOEA
	11. Flood Prevention and Water Management	MOEA; Council of Indigenous Peoples		5. International logistics	MOEA; MOTC; MOF
	12. Sewer Construction	MOI		6. Financial services	FSC
Four main emerging intelligent industries	1. Cloud computing	MOEA		7. Urban renewal	MOI
	2. Smart electric vehicles	MOEA		8. WiMAX industry	MOEA; MOTC
	3. Intelligent green buildings	MOI		9. Chinese-language e-commerce	MOEA
	4. Invention and patent commercialization	MOEA		10. Education	Ministry of Education

# i-Taiwan 12 Projects



## Goals

- Expanding domestic demand
- Improving investment environment
- Enhancing economic fundamentals
- Raising living quality

## Expected benefits

- Promoting economic growth: increasing real GDP on average by 2.95% per year from 2009 to 2016.
- Creating job opportunities: creating on average 247,000 job opportunities each year from 2009 to 2016.

**Total budget: NT\$4 trillion**

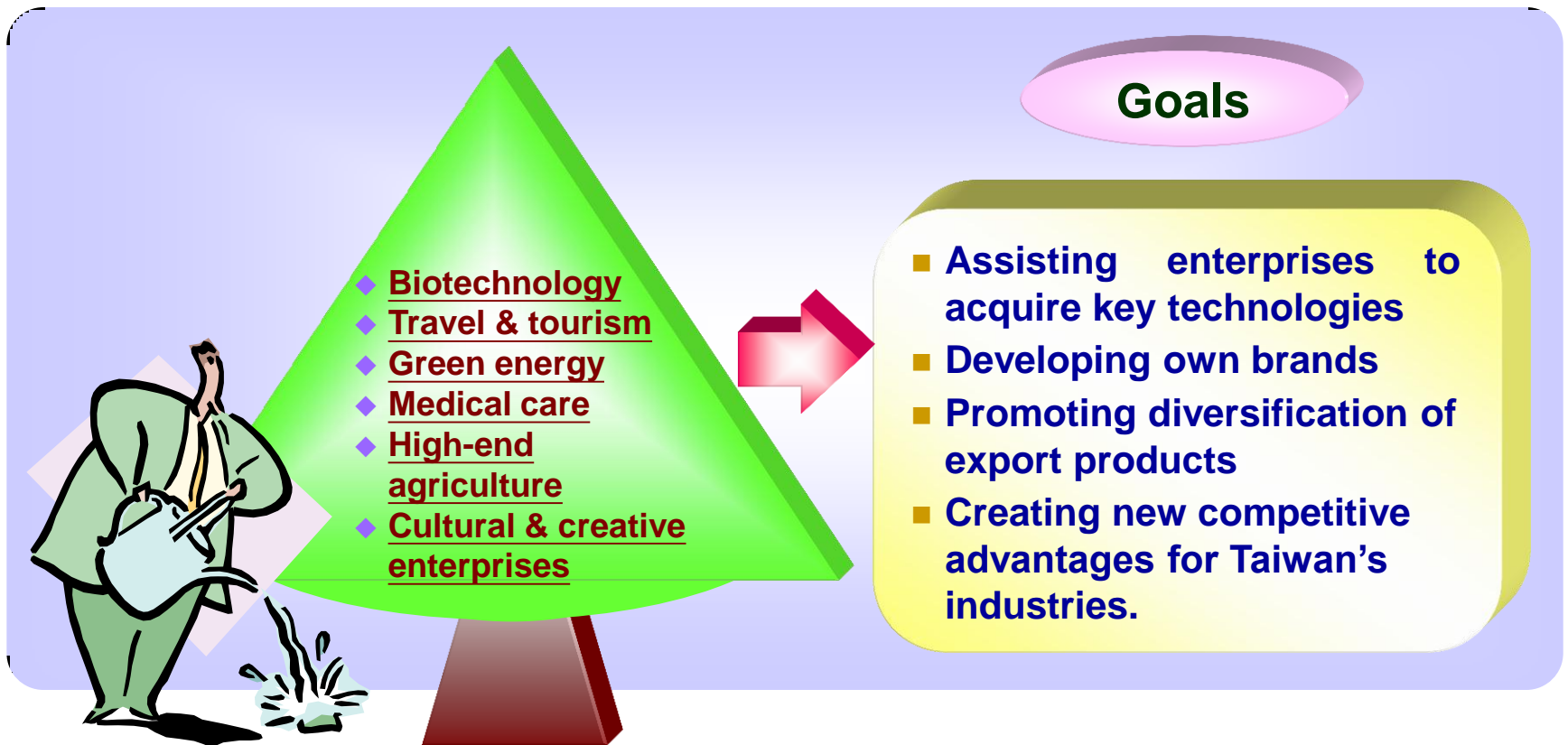
**Government investment: NT\$2.74 trillion**

**Private investment: NT\$1.2 trillion**

**Others: NT\$57 billion**

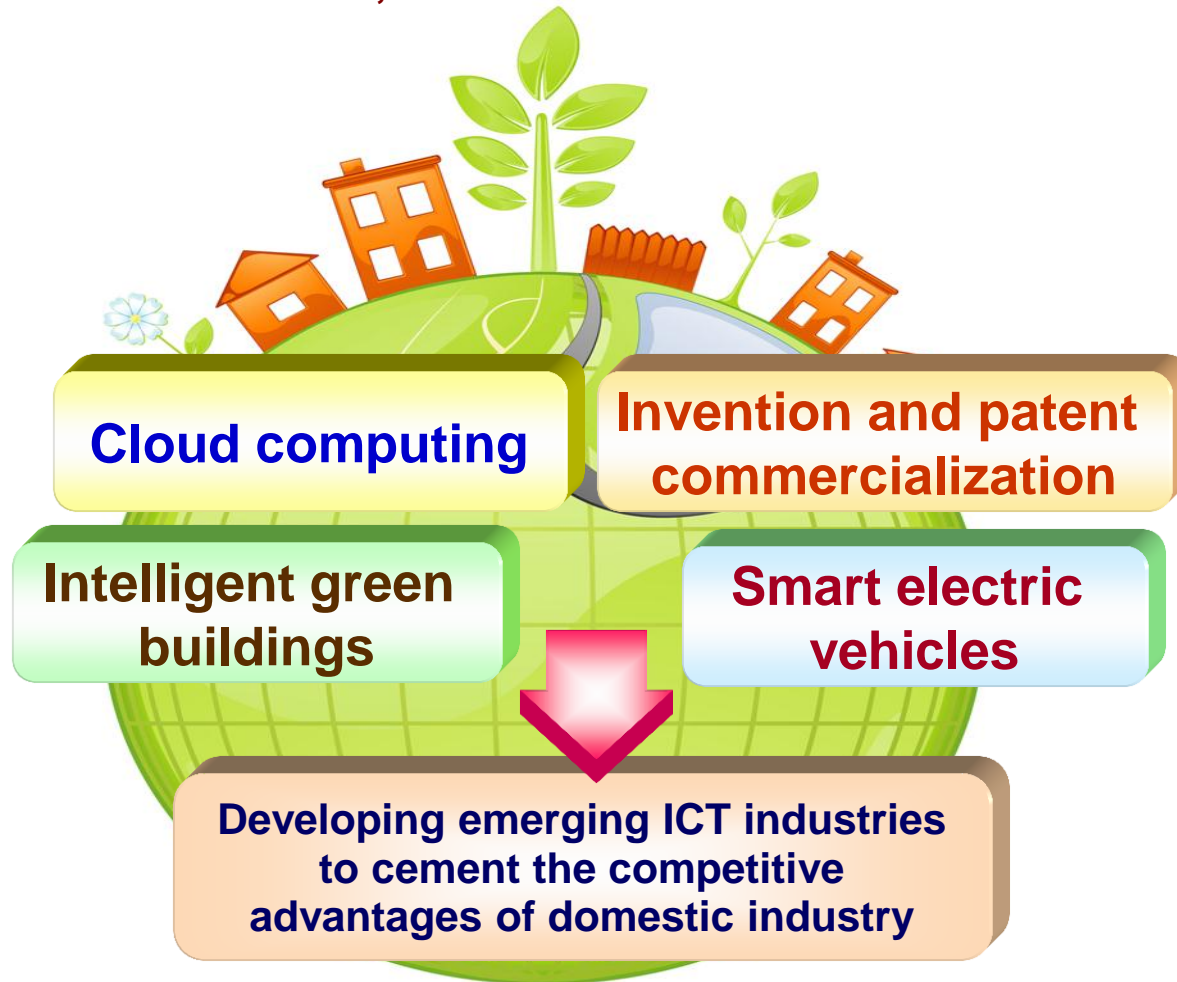
# Six Major Rising Industries

- After successfully promoting the development of the semiconductor and panel display industries, the government is now focusing its attention on promoting the development of six major rising industries – biotechnology, travel & tourism, green energy, medical care, high-end agriculture, and cultural & creative enterprises – with the aim of attracting private investment, increasing job opportunities, and creating the next wave of industrial opportunity.
- Planning for the promotion of these six industries has comprehensively covered all aspects of their development needs, including human resources, markets, capital, technology, laws and regulations, timeframe, and spread of applications.



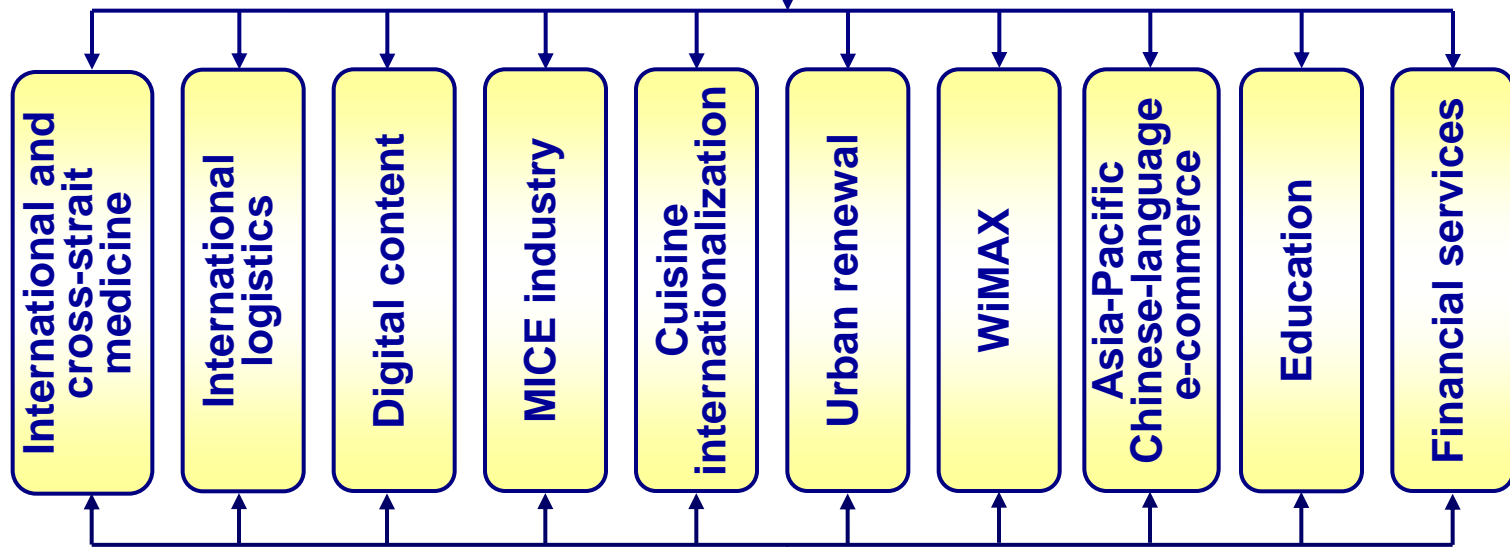
# Four emerging intelligent industries

- The government will bolster strategies to promote such forward-looking emerging ICT industries as **cloud computing**, **smart electric vehicles**, and **intelligent green buildings**, and speed up the provision of support for **invention and patent commercialization**, to consolidate Taiwan's industrial base.



# Ten Key Service Industries

The President's economic and financial advisory panel has recommended 10 key service industries as focal targets for future development



## Future development strategies

- Strengthening the international competitiveness of service industries
- Enhancing R&D and innovation
- Creating differentiated services
- Improving human resources development



# Estimation of private investment for the first wave of *Invest in Taiwan* promotion

<b>Project classification</b>	<b>Projected total of private investment (NT\$ billion)</b>
<b>1. Core investment spheres of <i>Invest in Taiwan</i> (39 items)</b>	<b>246.75</b>
<b>2. Other projects (46 items)</b>	<b>187.667</b>
<b>Total (85 items)</b>	<b>434.417</b>





## Summary of Core Investment Spheres of *Invest in Taiwan*

Core investment spheres of <i>Invest in Taiwan</i>	Authorities in charge	Projected investment amount (NT\$ billion)
1. Taoyuan International Aerotropolis	MOTC	14.500
2. Urban Renewal	MOI; MOTC	39.900
3. New High-tech Industrial Clusters in Central Taiwan	MOTC; MOEA	71.100
4. Cultural & creative enterprises and digital content	Council for Cultural Affairs; GIO	13.250
5. Biotechnology and international medicine	Council of Agriculture; National Science Council; Department of Health	11.363
6. Cuisine internationalization	MOEA; proposals by the private sector	2.700
7. Cloud computing and WiMAX	MOTC; MOEA	66.872
8. Smart electric vehicles	MOEA	12.035
9. Green energy and intelligent green buildings	MOEA; MOI	14.530
10. Smart handheld devices	MOEA (proposals by the private sector)	0.500
Others (including a fast and convenient islandwide transportation network, industrial innovation corridors, international logistics, travel & tourism, etc.)		187.667
<b>Total</b>		<b>434.417</b>

# Locational Prioritization of Projects according to Regional Suitability



## Northern Taiwan

### Core Investment Spheres

-  Aerotropolis, urban renewal, smart handheld devices, international medicine, etc.
-  Project locations in northern Taiwan will be accorded selection priority.


## Central Taiwan

### Core Investment Spheres

-  New high-tech industrial clusters, cuisine internationalization, green energy, etc.
-  Project locations in central Taiwan will be accorded selection priority.



## Southern Taiwan

### Core Investment Spheres

-  Cultural & creative and digital content industries, biotech, urban renewal, etc.
-  Project locations in southern Taiwan will be accorded selection priority.

## Eastern Taiwan

### Core Investment Spheres

-  Innovative education, tourism, smart electric vehicles, cultural and creative industries, cuisine internationalization, etc.
-  Project locations in eastern Taiwan will be accorded selection priority.

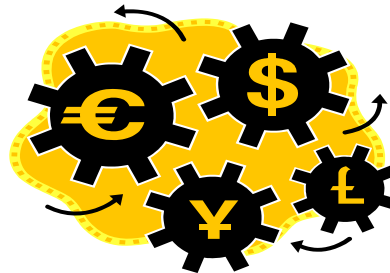
Ten Core Investment Spheres for *Invest in Taiwan*

# Follow-up implementation

## Implementation Principles

- Investment promotion at home and abroad should match local industrial conditions and the needs of potential investors. It should be adaptively focused and targeted at promoting the location of projects in their most suitable regions.
- Investment promotion under this plan should adhere to the service principles of providing support from specialist personnel and teams on a special basis and treating every project as a special case.
- Investment promotion offices in each government agency should take active steps to attract investment and help remove investment barriers. They should provide specialized, dedicated assistance tailored to the needs of each investment project, conveying the government's commitment to give the best possible support to local and foreign investors alike.

Dedicated personnel and teams, special processing, and every project a special case.



# Follow-up on Key Initiatives

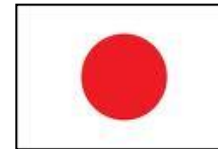
## Dedicated personnel, teams, processing and case assistance for *Invest in Taiwan*

- This year, we have already sent investment promotion missions to India, the US and Japan. In the future, we will continuously conduct “Invest in Taiwan” activities in foreign countries.
- We will coordinate implementation of Invest in Taiwan with the annual investment promotion plans of industry and commerce associations and federations (such as the ROC National Federation of Industries).



**Singapore**

**November 2010**



**Japan**

**August 2011**



**USA**

**May 2011**



**India**

**February 2011**

# *Home for Industries, Industries for Homes*

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### Concept

Planning more room for Taiwan's industrial development in the next 10 years so that every industry will have its own place and every region will have its own feature industry. Investment from home and abroad will be facilitated, to create more local jobs and raise Taiwanese people's income.

### Ideals

- Tailored to the unique local and industrial circumstances so that industries can have their home in appropriate locations to upgrade their competitiveness.
- Ensure that every part of Taiwan has its own industries so that both physical and non-physical construction can complement investment to help the industries take root.
- Jobs will be increased in every region, and income will also be improved. Everyone can share the benefits of industrial development

# *Home for Industries, Industries for Homes*

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## **Promotion Strategy**

- **Planning the spatial development of Taiwan's industrial development for the next 10 years so that every industry can have its own home, and every region will have its own feature industry to form a region-based brand.**
- **Working in concert with both domestic and international business recruitment to funnel investment directly to the appropriate regions.**
- **Adjusting public investment in physical and non-physical infrastructure in alignment with industrial development distribution, to complement private sector investment and business recruitment.**

# *Home for Industries, Industries for Homes*

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## ◎ *Implementation*

### **First-Stage Symposiums (Jan.~Feb. 2011)**

10 symposiums were held during Jan. 24~Feb. 18 this year (2011). Various government agencies introduced the developmental advantages of emerging industries. Each county and city could then assess its situation from a local perspective to identify suitable home industries and requisite supporting measure (such as infrastructure, manpower training, etc.)

### **Second-Stage Symposiums (May 2011~ )**

Based on the results of the first-stage symposiums, the second stage will revolve around establishing home locations for industries. Scheduled to take place from May to August 2011, it will consist of a series of symposiums held around Taiwan. It will involve exploration of the most suitable industries for each region and directions for attendant improvement of local infrastructure. Through collaboration between central and local governments, we hope to create regional industries that are globally competitive.

# *Home for Industries, Industries for Homes*

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## ◎ *Results from the First Stage Symposiums*

After the initial exchange of views among the central government agencies, local governments, academics, and experts, the central government's ideal of axial industries as well as the appropriate matching between industries and regions are now better understood. 22 counties and cities have submitted their target industries and suggestions.

# STATISTICAL ANNEX TABLES

## I. Real GDP Growth (Change from 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				
2004	6.19	7.36	5.17	0.57	13.96	25.62	-20.60	-9.59	--	--	15.40	17.50
2005	4.70	1.83	2.90	0.19	2.66	1.53	14.77	2.82	--	--	7.78	3.16
2006	5.44	0.97	1.49	-0.71	0.07	3.31	-8.61	-11.21	--	--	11.41	4.57
2007	5.98	1.42	2.08	2.09	0.55	1.36	1.57	-4.46	--	--	9.55	2.98
2008	0.73	-2.35	-0.93	0.83	-12.36	-15.58	-1.98	1.18	--	--	0.87	-3.71
2009	-1.93	-3.64	1.08	3.88	-11.01	-17.91	2.71	16.01	--	--	-8.71	-12.83
2010	10.88	9.91	3.65	1.76	23.44	32.51	9.10	-1.71	--	--	25.65	28.20
<b>2011f</b>	<b>4.81</b>	<b>1.13</b>	<b>3.55</b>	<b>-0.36</b>	<b>-1.72</b>	<b>-0.52</b>	<b>-12.75</b>	<b>-1.72</b>	--	--	<b>6.18</b>	<b>1.24</b>
Q1r	6.16	2.86	4.38	0.21	8.59	11.40	-12.01	0.10	--	--	11.18	7.40
Q2p	5.02	2.61	3.12	0.40	1.60	5.66	-17.80	-6.09	--	--	4.39	0.90
Q3f	3.48	-0.93	3.09	0.93	-7.37	-9.91	-4.51	4.86	--	--	4.04	-2.12
Q4r	4.71	0.18	3.61	-2.57	-7.16	-6.76	-14.03	-4.42	--	--	5.70	-0.59
<b>2012f</b>	<b>4.58</b>	<b>2.35</b>	<b>3.18</b>	<b>0.53</b>	<b>1.18</b>	<b>3.43</b>	<b>5.57</b>	<b>-11.55</b>	--	--	<b>6.64</b>	<b>4.09</b>
Q1f	4.01	0.61	3.49	1.19	-7.02	-7.39	4.41	-9.02	--	--	6.12	1.86
Q2f	3.77	1.63	2.90	0.36	1.97	4.58	4.12	-11.83	--	--	6.64	4.50
Q3f	5.20	3.95	2.97	0.38	5.03	8.74	7.44	-12.69	--	--	6.40	4.99
Q4f	5.25	3.09	3.33	0.28	4.13	8.28	5.86	-11.76	--	--	7.32	4.96

P = preliminary; f = forecast; r = revised. Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), Aug 2011

# STATISTICAL ANNEX TABLES

## II. Contributions to GDP Growth (in percentage points)

	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				
2004	6.19	7.34	3.27	0.08	3.12	4.01	-0.46	-0.43	0.88	-1.15	8.86	10.01
2005	4.70	1.85	1.81	0.03	0.64	0.28	0.25	0.11	-0.63	2.86	4.86	2.00
2006	5.44	0.95	0.92	-0.09	0.02	0.59	-0.16	-0.42	0.10	4.49	7.34	2.85
2007	5.98	1.34	1.23	0.25	0.12	0.24	0.02	-0.14	-0.27	4.65	6.49	1.85
2008	0.73	-2.11	-0.53	0.10	-2.61	-2.62	-0.03	0.03	0.94	2.84	0.61	-2.23
2009	-1.93	-3.17	0.61	0.45	-2.03	-2.52	0.04	0.46	-2.20	1.25	-6.13	-7.38
2010	10.88	8.48	2.11	0.22	3.92	3.83	0.14	-0.06	2.24	2.40	16.81	14.40
<b>2011<sup>f</sup></b>	<b>4.81</b>	<b>0.96</b>	<b>1.92</b>	<b>-0.04</b>	<b>-0.32</b>	<b>-0.07</b>	<b>-0.19</b>	<b>-0.05</b>	<b>-0.60</b>	<b>3.85</b>	<b>4.59</b>	<b>0.73</b>
Q1 <sup>r</sup>	6.16	2.49	2.50	0.02	1.47	1.59	-0.12	0.00	-1.50	3.67	8.03	4.36
Q2 <sup>p</sup>	5.02	2.20	1.69	0.04	0.30	0.78	-0.29	-0.19	0.18	2.82	3.37	0.55
Q3 <sup>f</sup>	3.48	-0.79	1.66	0.10	-1.45	-1.54	-0.06	0.14	-1.10	4.27	3.01	-1.27
Q4 <sup>r</sup>	4.71	0.15	1.86	-0.31	-1.35	-0.89	-0.31	-0.16	-0.05	4.56	4.22	-0.34
<b>2012<sup>f</sup></b>	<b>4.58</b>	<b>1.92</b>	<b>1.70</b>	<b>0.06</b>	<b>0.21</b>	<b>0.46</b>	<b>0.07</b>	<b>-0.32</b>	<b>-0.04</b>	<b>2.66</b>	<b>4.99</b>	<b>2.33</b>
Q1 <sup>f</sup>	4.01	0.51	1.97	0.12	-1.23	-1.08	0.04	-0.19	-0.34	3.49	4.60	1.11
Q2 <sup>f</sup>	3.77	1.35	1.54	0.04	0.35	0.63	0.05	-0.33	-0.58	2.43	5.06	2.64
Q3 <sup>f</sup>	5.20	3.23	1.59	0.04	0.89	1.19	0.08	-0.38	0.70	1.97	4.79	2.82
Q4 <sup>f</sup>	5.25	2.45	1.70	0.03	0.69	0.97	0.10	-0.38	0.03	2.80	5.47	2.68

P = preliminary; f = forecast; r = revised. Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), Aug 2011

# Thank you

This summary is prepared by the Department of Economic Research of the Council for Economic Planning and Development (CEPD). Quarterly updates can be found on the CEPD's website at <http://www.cepd.gov.tw/encontent>. For inquiries call 886-2-2316-5682 or send an e-mail to [bci@cepd.gov.tw](mailto:bci@cepd.gov.tw).