



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

**March 2010**

Council for Economic Planning and Development  
Executive Yuan

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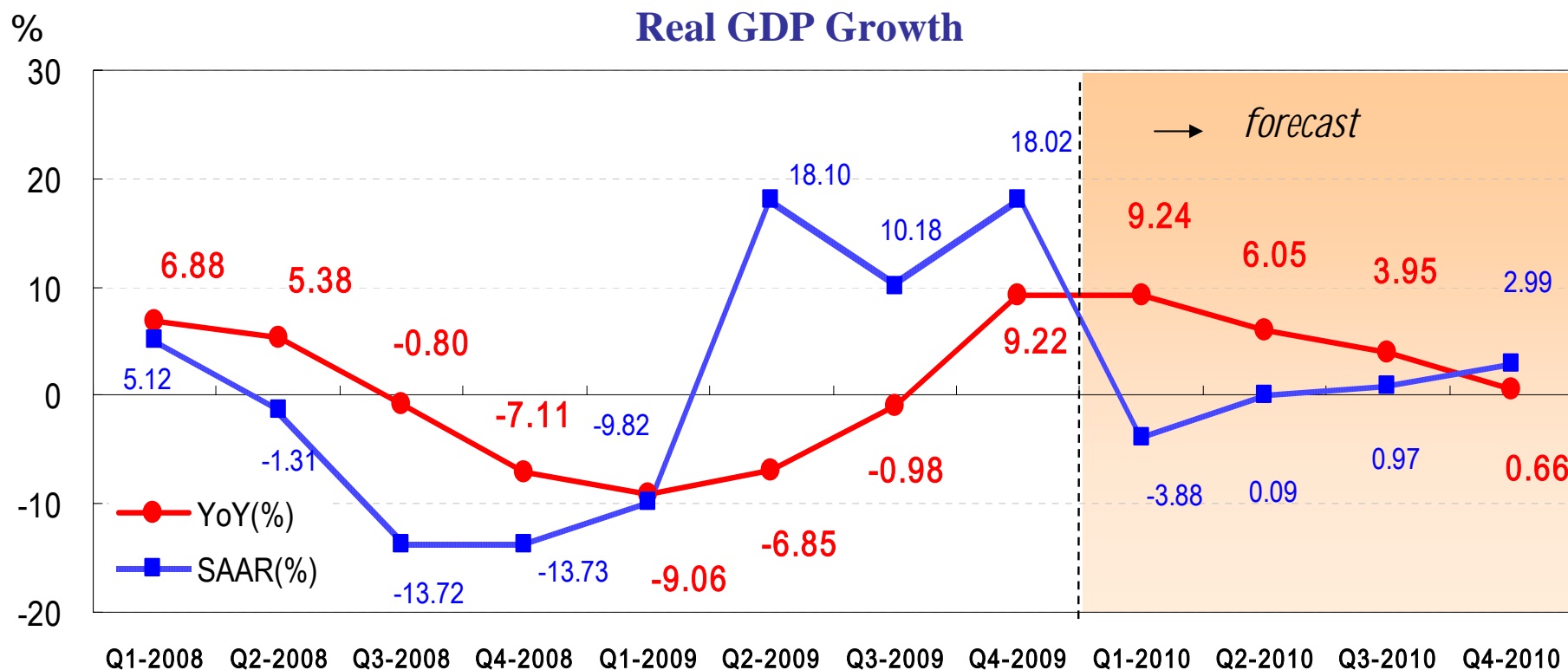
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# I. CURRENT DOMESTIC SITUATION

## Economic Growth

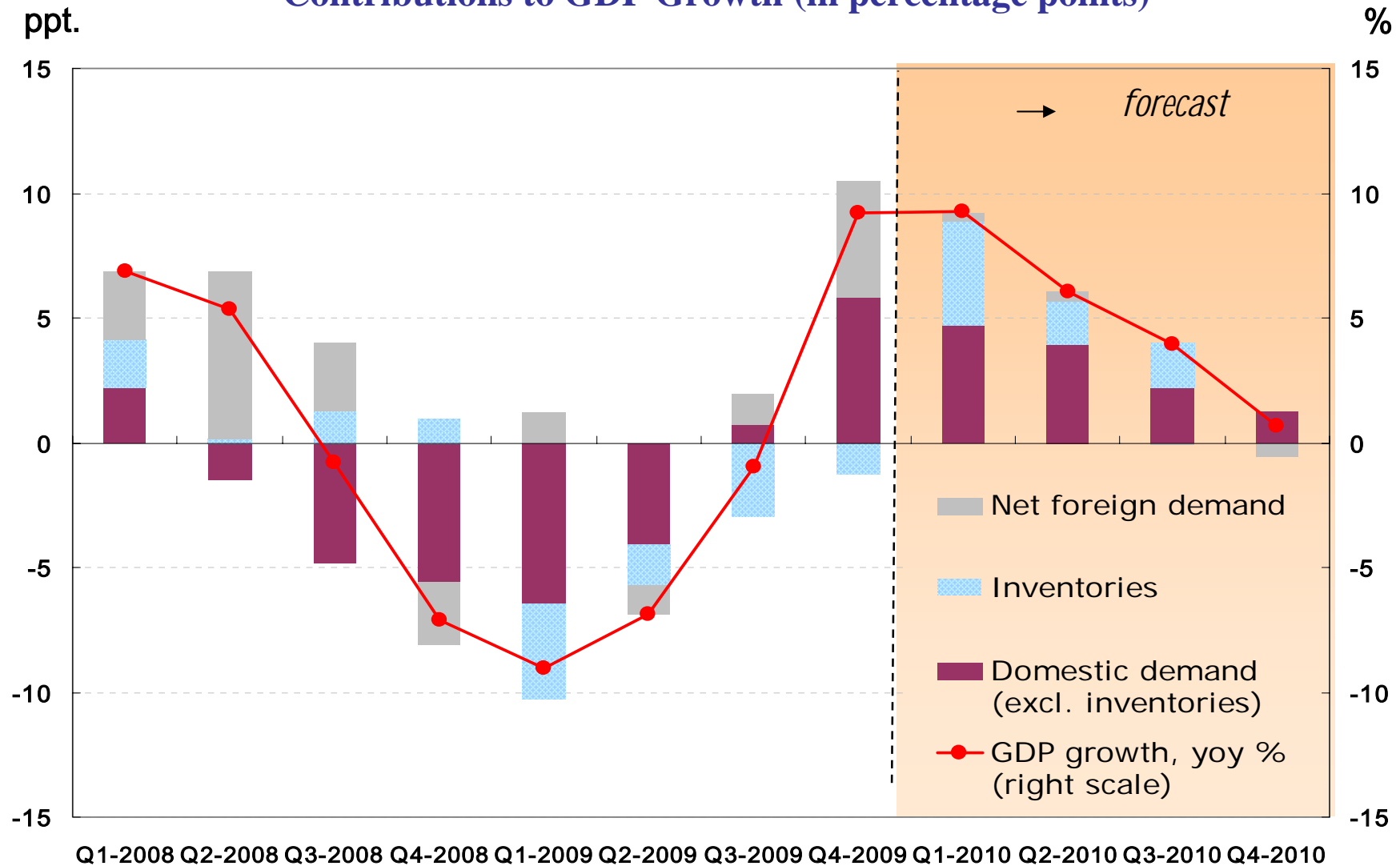
- ⇒ In Q4 2009, the external sector performed outstandingly, with real exports of goods and services rising by 19.06%. With the domestic sector growing 5.23%, real GDP is preliminarily estimated to have increased by 9.22% from the same quarter of one year ago.
- ⇒ Expressed as a seasonally adjusted annual rate (SAAR), real GDP increased 18.02% in the fourth quarter, faster than its previously forecast 15.35%. For 2009 as a whole, Taiwan's real GDP decreased by 1.87%.



Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), February 2010

# I. CURRENT DOMESTIC SITUATION

Contributions to GDP Growth (in percentage points)

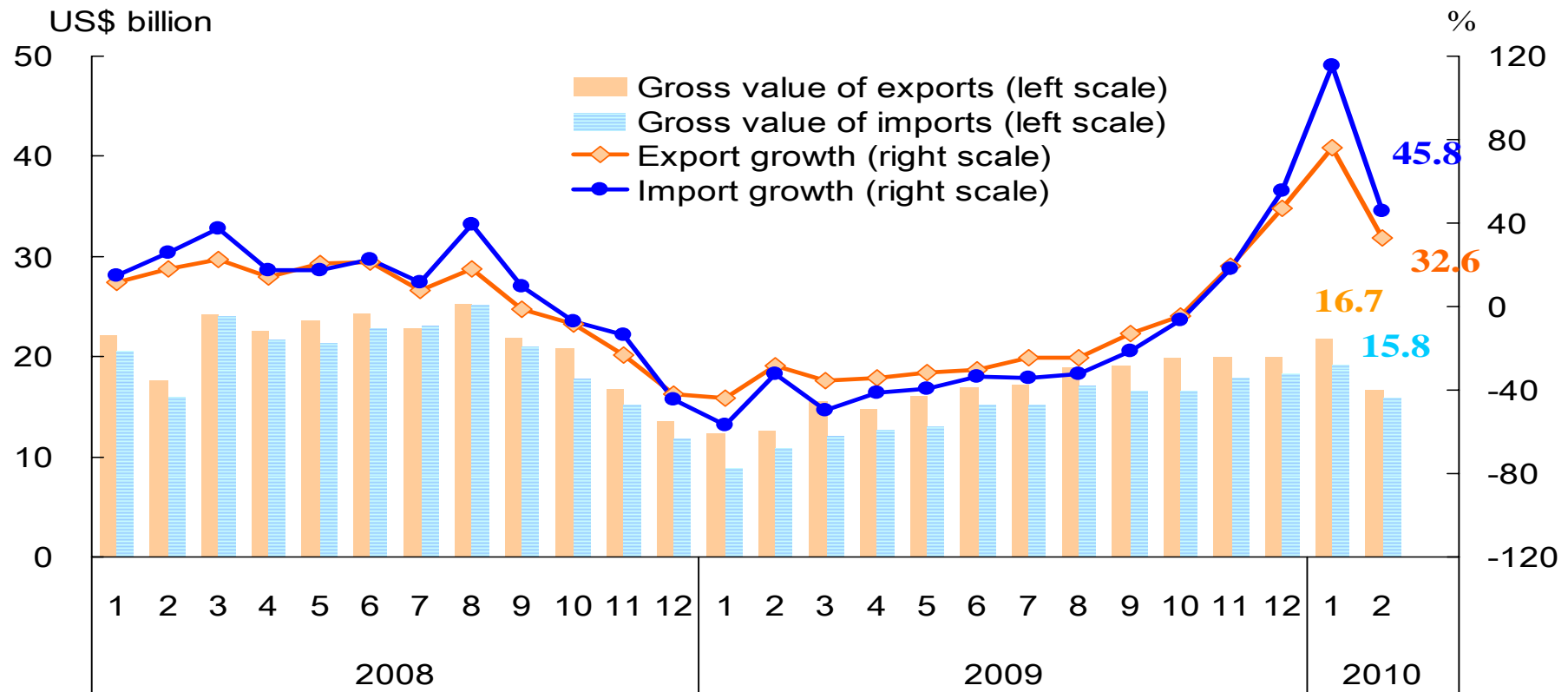


Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), February 2010

# CURRENT DOMESTIC SITUATION

## Foreign Trade

- ⇒ Exports and imports soared by 32.6% and 45.8% year on year in February 2010, growing for a fourth consecutive month, due mainly to the revival of the global economy and the low-base effect.
- ⇒ Foreign trade in February showed a balance of US\$0.90 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.

# 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>18.6</b>	<b>8.5</b>	<b>15.1</b>	<b>10.1</b>	<b>9.8</b>	<b>14.9</b>	<b>26.6</b>	<b>5.2</b>	<b>8.3</b>	<b>13.3</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	-0.7	12.2	13.8	-2.8	5.3	36.5	16.2	3.8
2006	11.2	7.9	10.6	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	-0.7	12.0	11.9	1.7
2008	-4.0	10.2	4.6	-0.8	7.3	-0.7	1.3	40.3	10.3	8.4
2009	-23.5	-17.4	-24.6	-15.9	-21.5	-31.0	-22.1	-42.1	-22.3	-22.8
<b>2009 Share</b>	<b>11.6</b>	<b>7.1</b>	<b>11.1</b>	<b>41.1</b>	<b>14.8</b>	<b>10.4</b>	<b>20.8</b>	<b>12.9</b>	<b>14.7</b>	<b>11.3</b>
2010 Jan-Feb	17.9	22.4	37.0	85.2	65.5	73.3	71.1	100.7	75.7	89.0

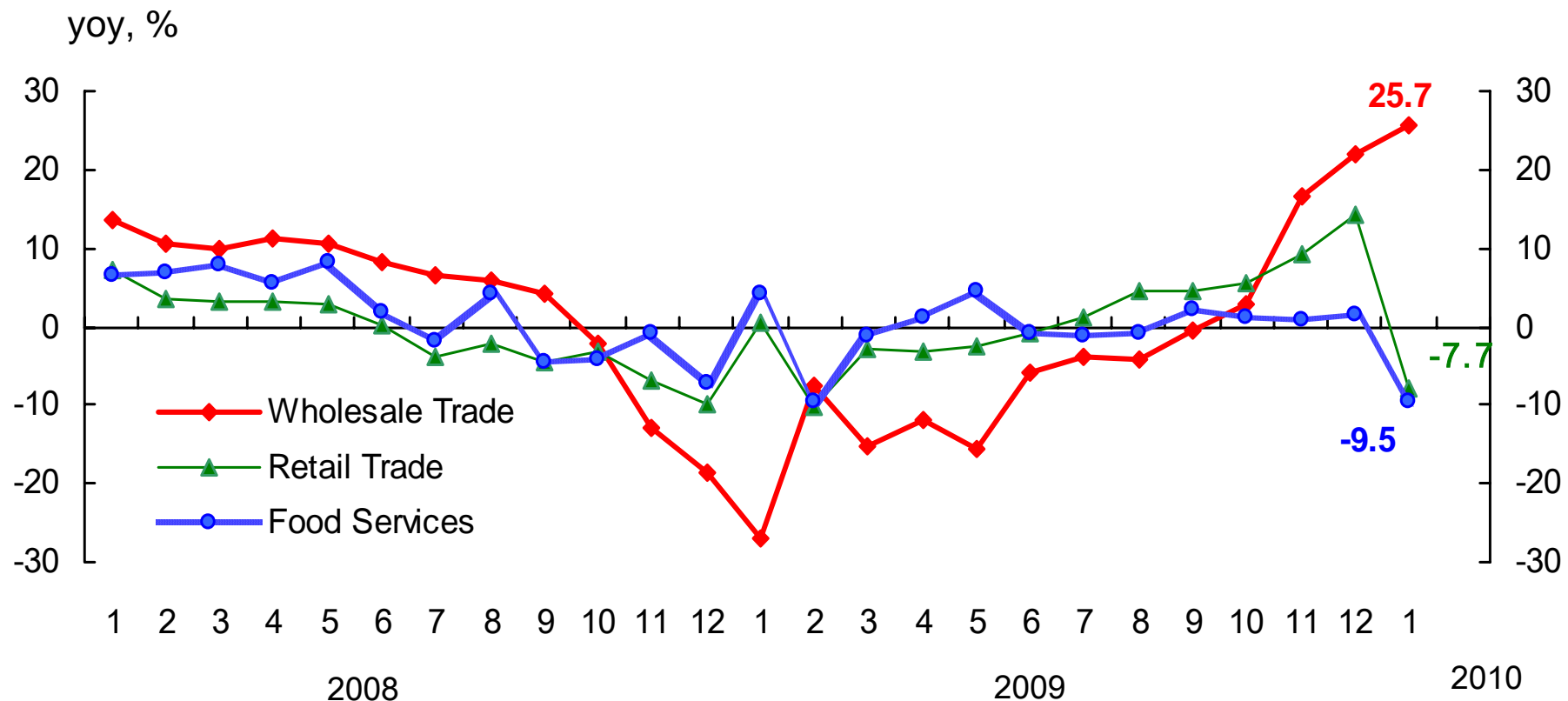
\*ASEAN 6 refers to Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Source: Ministry of Finance.

# CURRENT DOMESTIC SITUATION

## *Domestic consumption*

- ⇒ In January 2010, sales of trade and food services posted an annual increase 13.90%, due mainly to a 25.70% increase in wholesale trade. Retail trade and food service sales decreased 7.72% and 9.48%, respectively, both dropping for the first time since Q3 2009, due mainly to a higher base effect because of consumption vouchers and the Chinese New Year holidays falling in January last year.
- ⇒ In Q4 2009, private consumption grew 6.27% from a year earlier, while government consumption grew 3.16%.

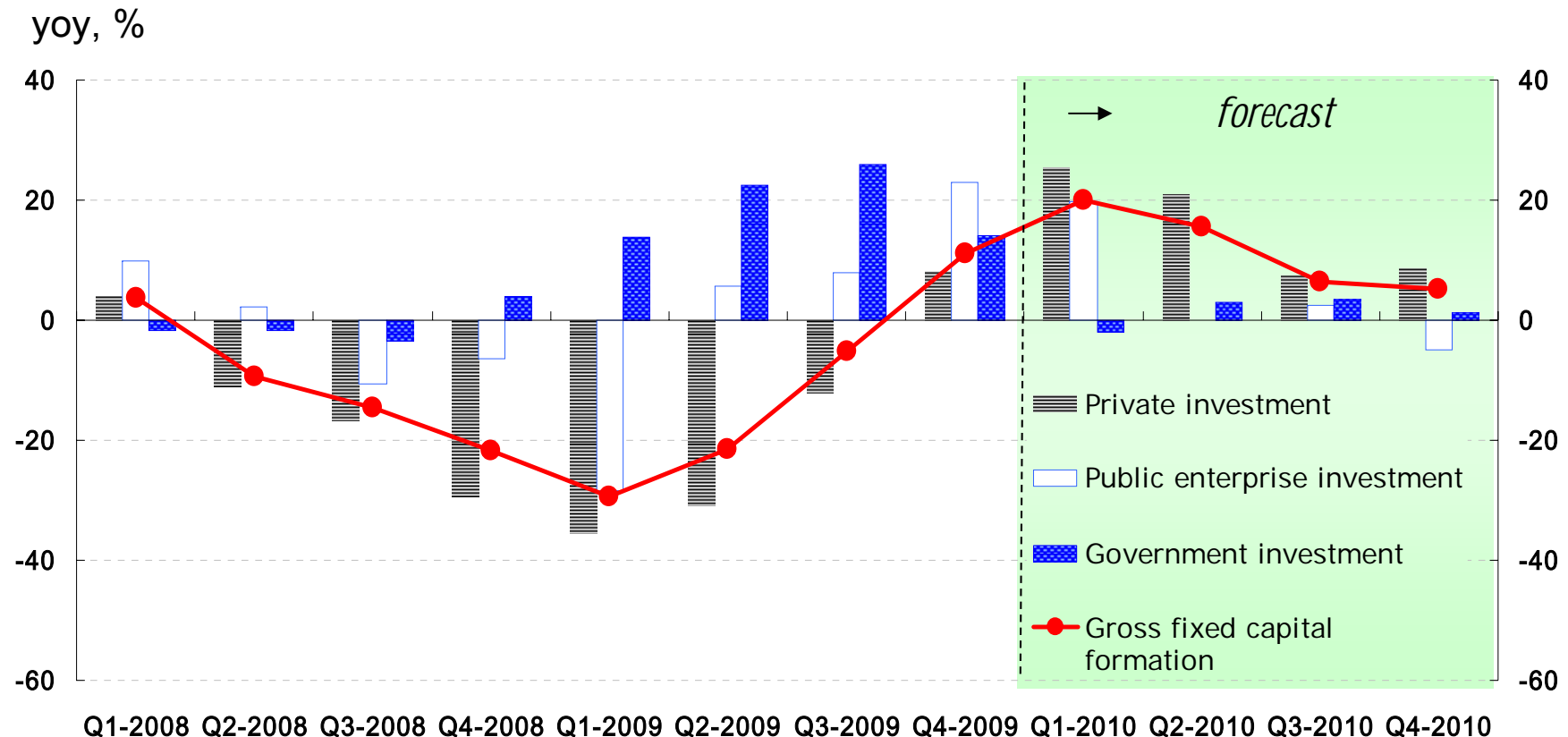


Source: Ministry of Economic Affairs.

# CURRENT DOMESTIC SITUATION

## Domestic Investment

- ⇒ With the revival of private investment entrenching the growth of domestic investment, gross fixed capital formation increased 11.14% in Q4 2009, growing for the first time since Q2 2008.
- ⇒ With the launch of major investment programs to stimulate the economy, government investment increased by 14.05% in the same quarter, while public enterprise investment soared by 23.00%.



Source: DGBAS, February 2010

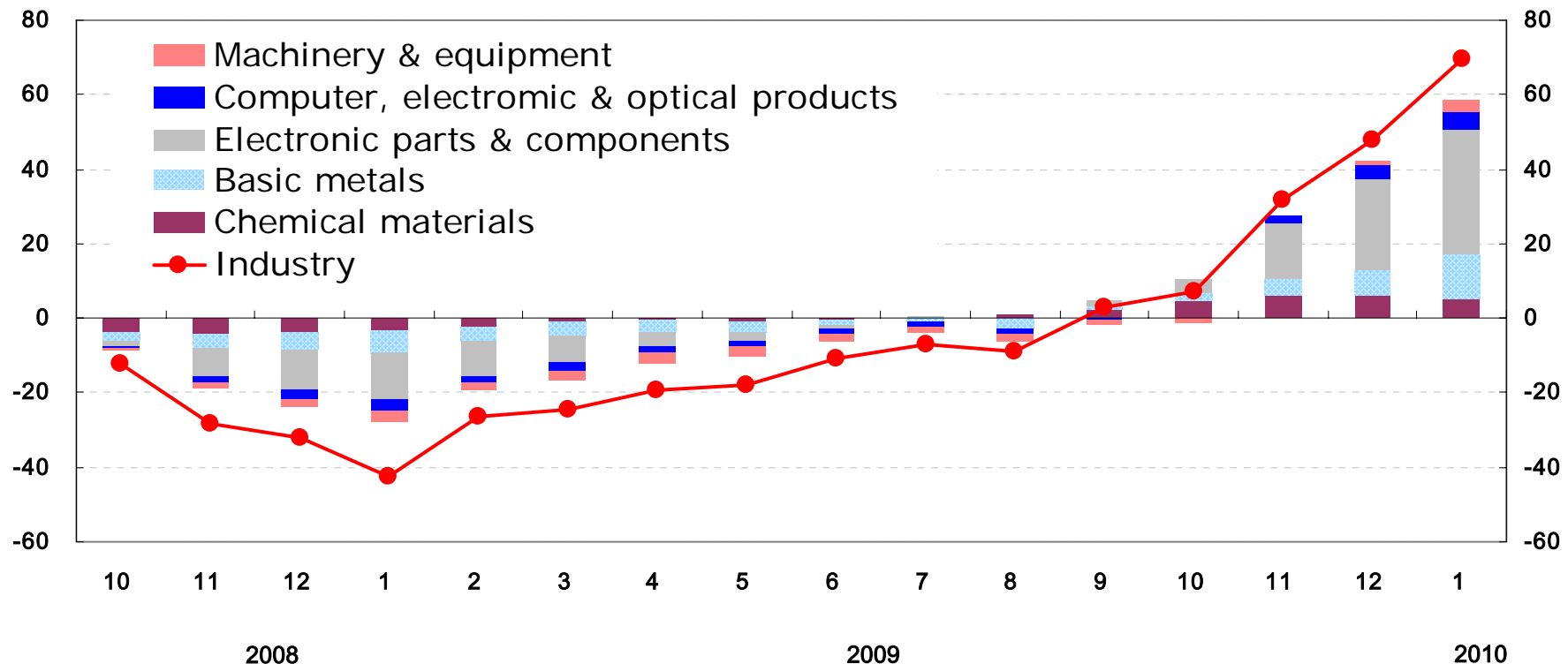
# CURRENT DOMESTIC SITUATION

## Industrial Production

- ⇒ Thanks to the gradual recovery in advanced countries, the strong demand in emerging markets, the launch of new electronic products, and the low base effect, the industrial production index ascended to a year-on-year increase of 69.70% in January 2010, growing for a fifth consecutive month.
- ⇒ Industrial production decreased by 8.08% in 2009, with manufacturing output falling by 7.97%.

## Growth of Industrial Production Index

yoy %



Source: Ministry of Economic Affairs.

# CURRENT DOMESTIC SITUATION

## *Unemployment rate and labor force participation rate*

- ⇒ In January 2010, the unemployment rate was down by 0.06 of a percentage point month-on-month to 5.68%, declining for the fifth straight month after reaching a high of 6.13% in August, but 0.37 of a percentage point higher than a year earlier.
- ⇒ The labor force participation rate decreased to 58.04 percent, down 0.07 of a percentage point month-on-month, but was up by 0.02 of a percentage point from a year earlier

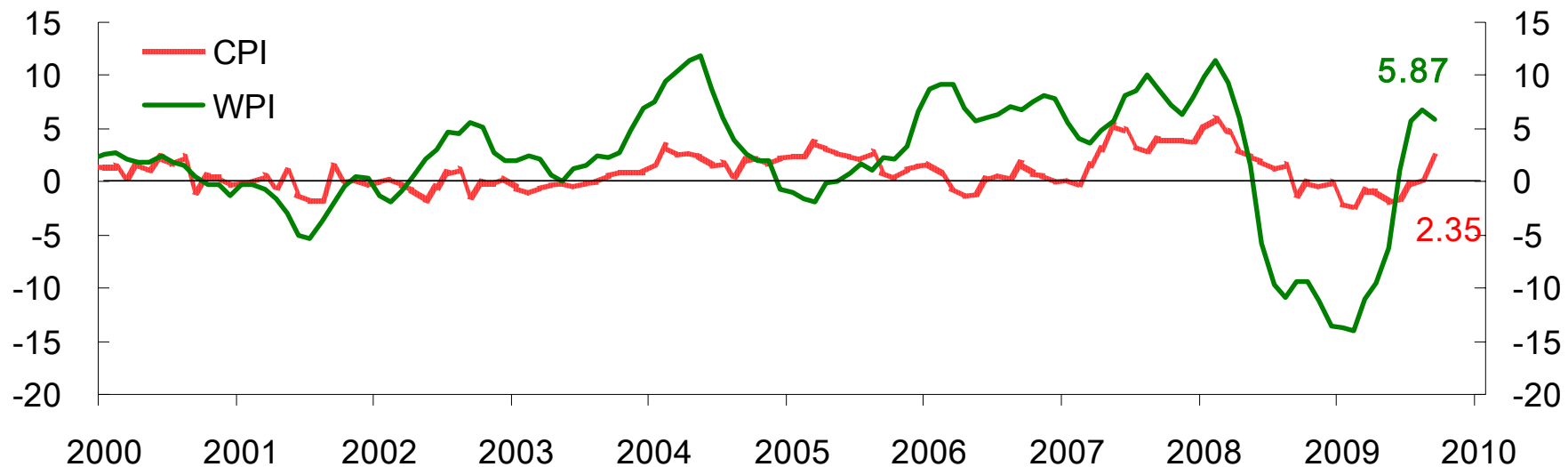


# CURRENT DOMESTIC SITUATION

## Prices

- ⇒ In February 2010, Taiwan's CPI rose for the 2nd consecutive month, recording an increase of 2.35% from the same month last year. This reflected the higher prices of some goods and services up to and during the Chinese New Year Festival, and higher prices of fuels & lubricants and tobacco & betelnuts. Core prices (excluding fresh food and energy prices) also rose 1.01%.
- ⇒ The WPI in February rose by 5.87% year on year, rising for the fourth consecutive month since November 2009, due mainly to the surging prices of crude petroleum, natural gas, chemical materials, and petroleum & coal products.

yoy %

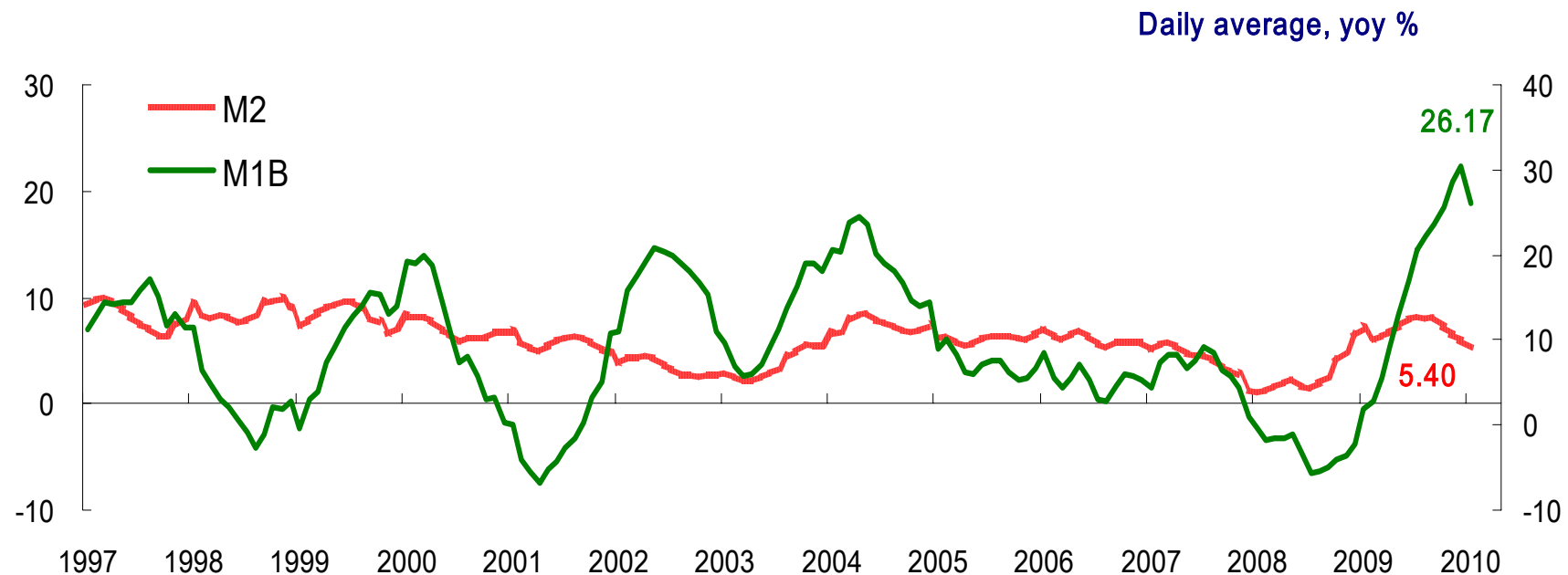


Source: Directorate-General of Budget, Accounting and Statistics.

# CURRENT DOMESTIC SITUATION

## Money Supply

- ⇒ For the first month of this year, the annual growth rates of M1B and M2 were 26.17% and 5.40%, respectively, both lower than those of the previous month, due mainly to a higher base effect because of the Chinese New Year holidays falling in January last year and a continuous net capital inflow.
- ⇒ After adjusting for seasonal factors, the annual growth rates of M1B and M2 in January were 26.90% and 5.84%, respectively.

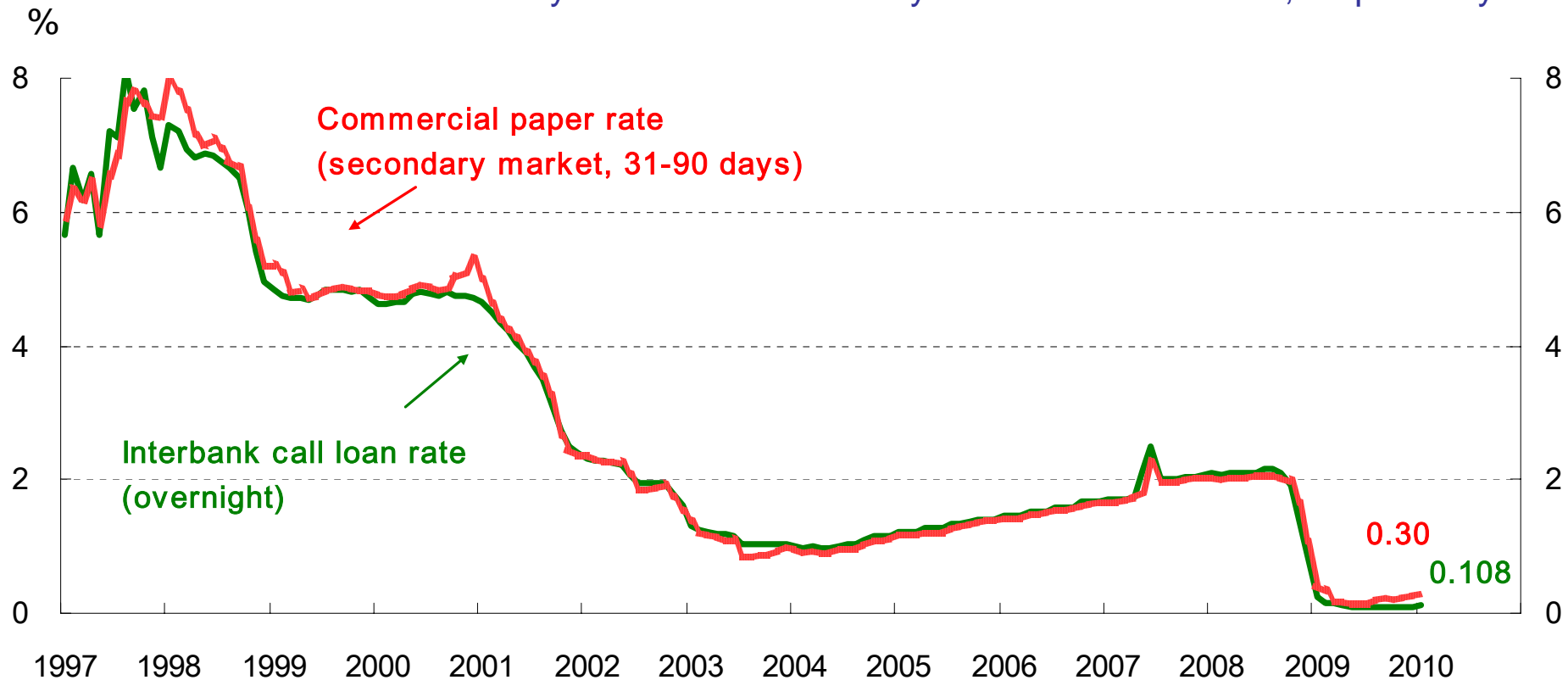


Source: Central Bank of China (Taiwan).

# CURRENT DOMESTIC SITUATION

## Short-term Interest Rates

- ⇒ From late 2008 to early 2009, the CBC implemented a rapid succession of seven cuts in interest rates, in response to the alleviation of imported inflation pressure and the sharp deceleration of economic activity at that time.
- ⇒ With the economic outlook improving conspicuously, the commercial paper and interbank rates in January 2010 rose moderately to 0.30% and 0.108%, respectively.

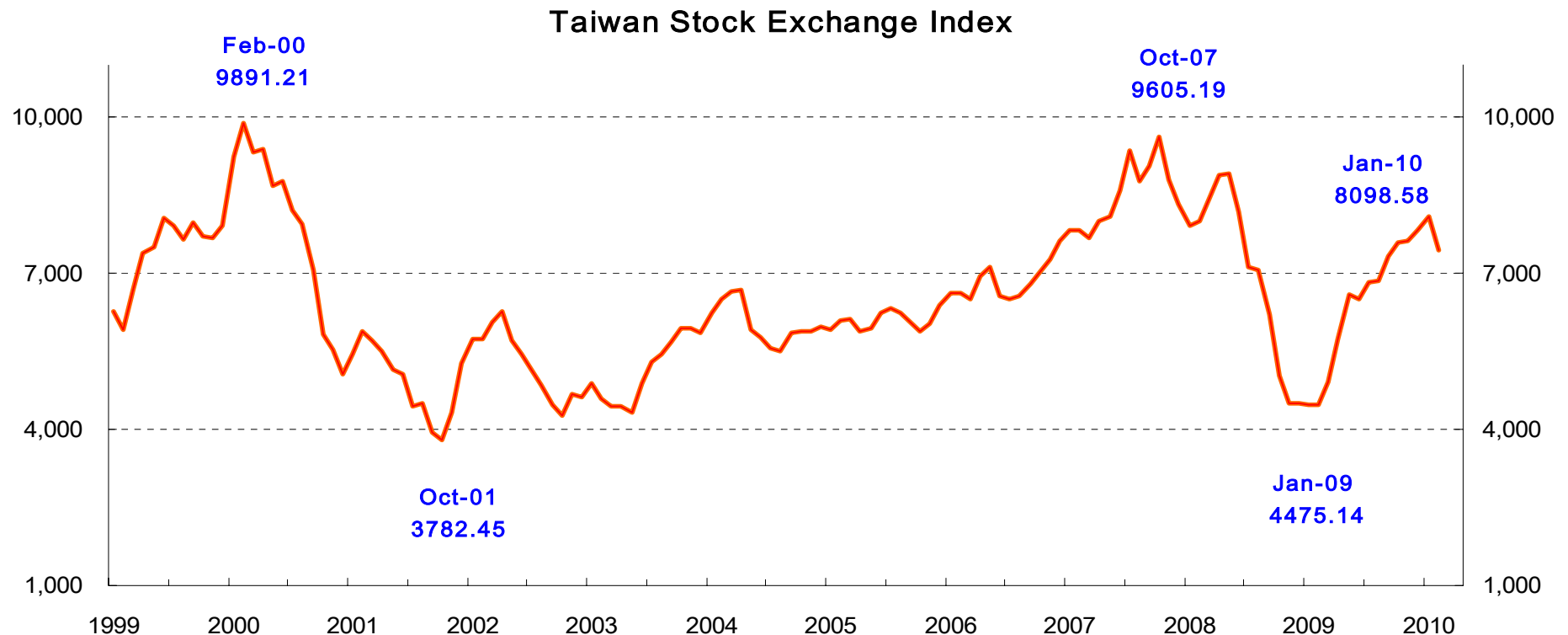


Source: Central Bank of China (Taiwan).

# CURRENT DOMESTIC SITUATION

## Stock Price

- ⇒ Boosted by increasingly clear signs of global recovery and improving cross-strait relations, Taiwan's stock exchange index has been trending upward since January 2009.
- ⇒ In February 2010, Taiwan's stock exchange index was pulled down moderately by pressure from mainland China's tightening monetary policy and European debt crisis fears.

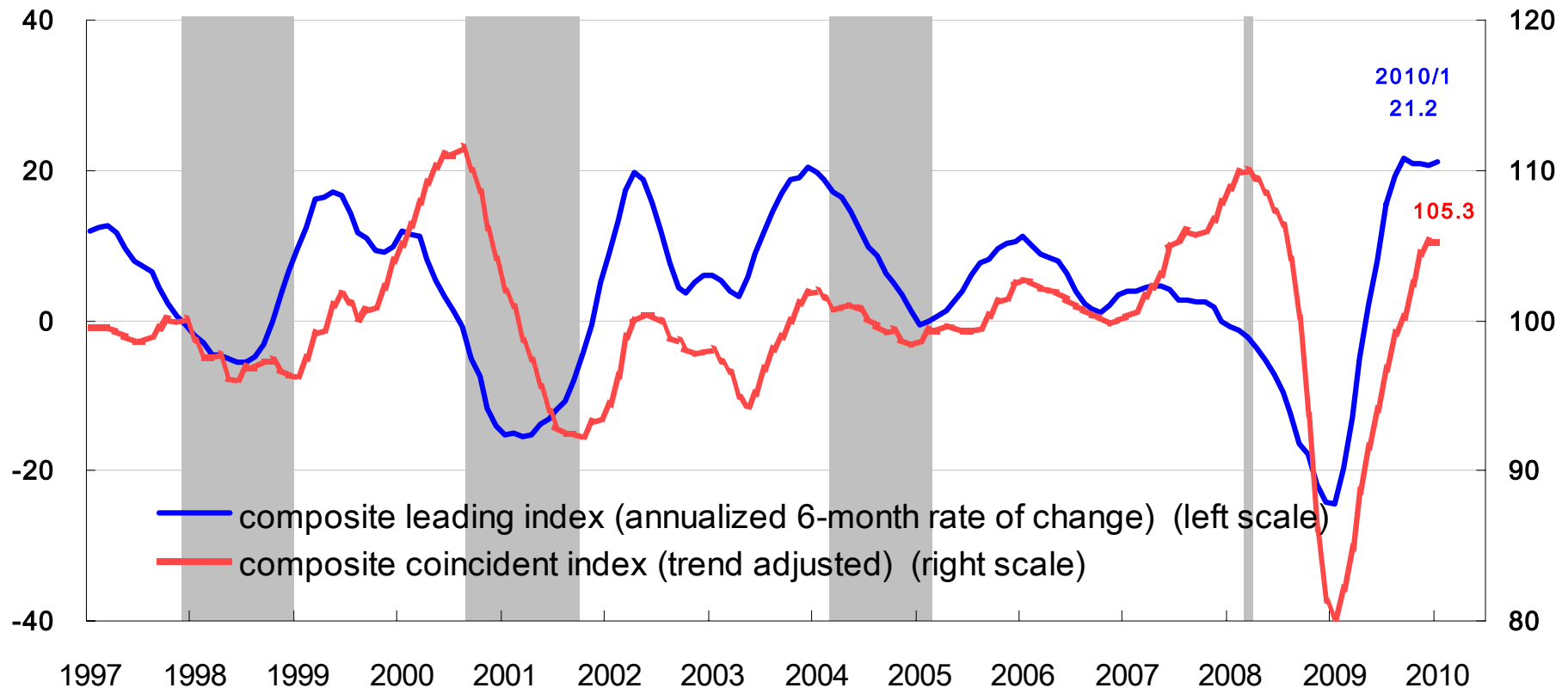


Source: Taiwan Stock Exchange.

# CURRENT DOMESTIC SITUATION

## *Taiwan Business Indicators*

- ⇒ In January 2010, the annualized six-month rate of change of the leading index rose by 0.6 of a percentage point to 21.2%, after its earlier continuous sharp rise had ended with a 0.4 percentage point decline in December 2009.
- ⇒ The trend-adjusted coincident index in January 2010 stood at the same level as the previous month after rising for eleven consecutive months.



Note: The shaded areas represent recessions. Source: CEPD

# CURRENT DOMESTIC SITUATION

## Monitoring Indicators

The total score of 37 in January 2010 was unchanged from the preceding month, with the overall light signal flashing "yellow-red" for the third consecutive month.

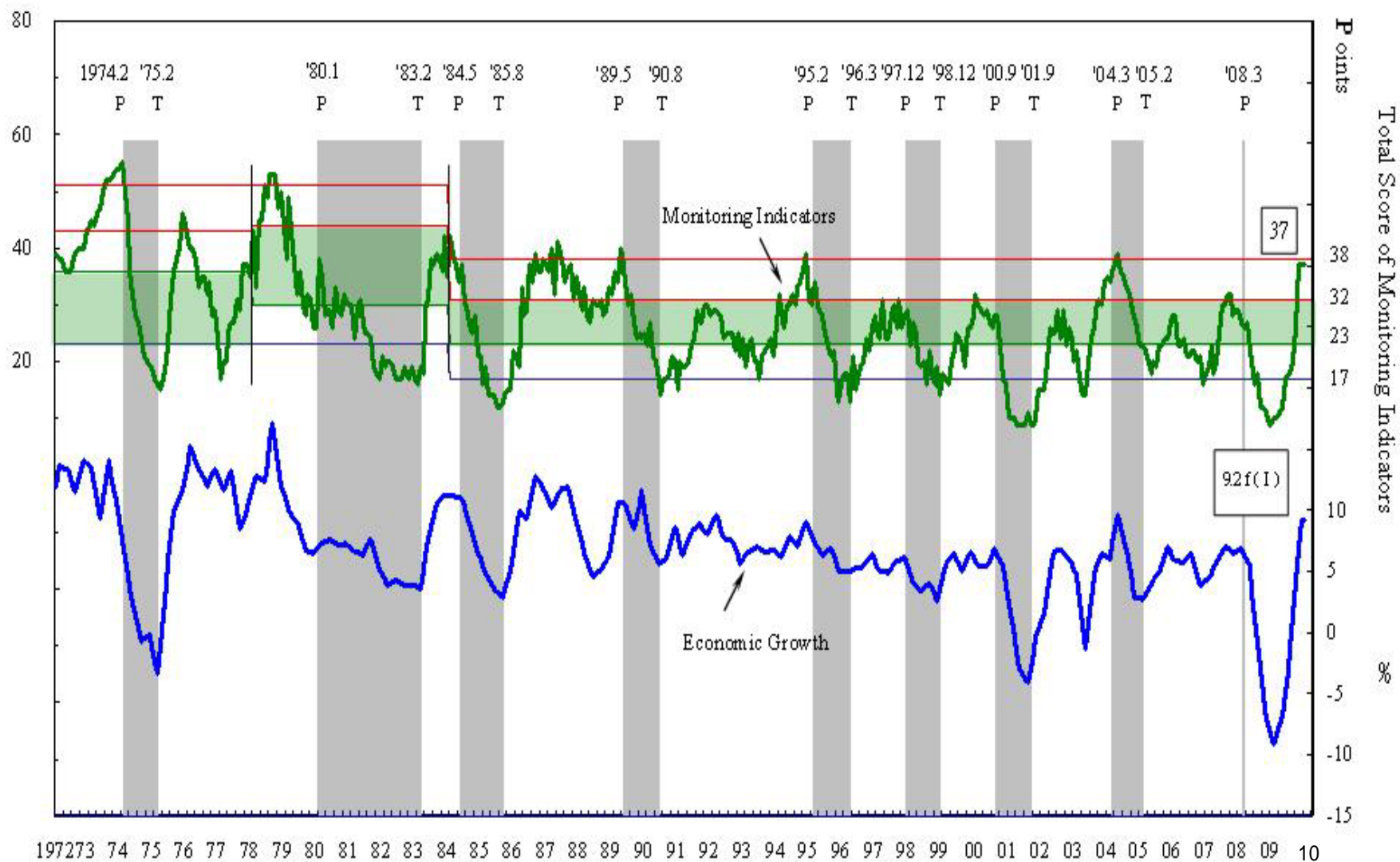
		2009												2010
		1	2	3	4	5	6	7	8	9	10	11	12	1
Total	Light Score													
		9	10	10	11	12	17	18	18	20	26	37	37	37
Monetary Aggregates M1B														26.9
Direct and Indirect Finance														1.9
Stock Price Index														81.0
Industrial Production Index														54.0
Nonagricultural Employment														0.7
Exports														42.1
Imports of Machinery and Electrical Equipment														41.1
Manufacturing Sales														48.2 <sub>p</sub>
Wholesale, Retail and Food Services Sales														7.8

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).

# Monitoring Indicators and Economic Growth



Note: The shaded areas represent recessions. Source: CEPD

## II. PROSPECTS FOR 2010

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### ⇒ **Taiwan's economy maintaining solid growth**

- In line with growing signs of gradual recovery in the global economy, Taiwan's real GDP posted year-on-year growth of 9.22% in Q4 2009, returning to positive growth territory for the first time after five consecutive quarters of contraction, and the highest rate of growth since Q3 2004.
- The pace of the expansion is expected to remain solid in 2010. In the latest estimation, the 2010 GDP growth forecast has been revised upward from 4.39% to 4.72%, with per capita GNP projected to reach US\$18,175.

### ⇒ **Export growth regaining momentum**

- With the global recovery expected to continue and high-tech industry sales boosted by the introduction of new innovative products (e.g., in e-books, LED TVs, cloud computing, touchpad screens, and 3D), Taiwan's export recovery is expected to continue strongly in 2010.
- In 2010, exports are projected to remain in a positive growth track, while imports are predicted to return to growth due to rising export-induced and domestic demand. Taiwan's full-year exports and imports of goods and services are forecast to grow 13.84% and 17.66%, respectively.

# PROSPECTS FOR 2010

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## ⇒ **Private consumption growing moderately**

- Despite the improving economic outlook and booming sales promotion activities, private consumption in 2010 is projected to rise only moderately by 1.81%, due to the dampening of household consumption caused by high unemployment, slow income growth, and the end of the temporary reduction of commodity tax on vehicle purchases.

## ⇒ **Domestic investment returning to growth**

- Private investment is forecast to grow 14.81% in 2010, marking the first positive growth after two consecutive yearly contractions, due to rapid advances of manufacturing processes and new plans for equipment investment in hi-tech industries attributable to the improving global economic outlook.
- With infrastructure development under the government's project to expand investment in public works, government investment is estimated to have soared by 18.77% in 2009, but is projected to rise by just 1.70% in 2010 due to the high-base effect.

## ⇒ **Inflation remaining low**

- As the prices of raw materials keep ascending in line with the upturn in global demand and high liquidity, the WPI and the CPI are forecast to rise respectively by 4.78% and 1.27% in 2010.

# Forecasts for Taiwan's Economy

	Real GDP (yoy, %)		Consumer Prices (yoy, %)	
	2009	2010	2009	2010
<b>DGBAS (2010.2)</b>	-1.87 ( -2.53 )	4.72 ( 4.39 )	-0.87 ( -0.73 )	1.27 ( 0.92 )
<b>TIER (2010.1)</b>	-2.75 ( -2.89 )	4.81 ( 4.21 )	-0.87 ( -0.54 )	1.54 ( 1.21 )
<b>CIER (2009.12)</b>	-2.96 ( -3.72 )	4.66 ( 4.65 )	-0.83 ( -0.63 )	1.07 ( 0.78 )
<b>Academia Sinica (2009.12)</b>	-2.46 ( -3.46 )	4.73	-0.90 ( -0.19 )	1.14
<b>Polaris (2009.12)</b>	-2.47 ( - 3.76 )	4.57 ( 4.10 )	-0.83 ( -0.60 )	1.10 ( 1.04 )
<b>Global Insight (2010.2)</b>	- 2.7 ( - 2.7 )	4.9 ( 4.4 )	-0.9( -0.9 )	1.7 ( 1.6 )
<b>IMF (2009.10)</b>	-4.1 ( -7.5 )	3.7 ( 0.0 )	-0.5	1.5

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

TIER: Taiwan Institute of Economic Research, Taipei.

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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- With the steady improvement of international economic conditions, plus the government's active measures to enhance the domestic investment environment and speed up the reconstruction of industry, there is cause for cautious optimism about Taiwan's economic prospects. Most leading economic forecasting institutions project that Taiwan's economy will grow by more than 4% in 2010.
- In 2010, the government will work actively to bolster domestic economic growth momentum and improve the investment environment, particularly in respect of heightening incentives for private investment and attracting investment of private capital in public works. At the same time, the government will step up its efforts to promote the development of six emerging industries, key service industries, and budding ICT industries, to achieve the most advantageous reshaping of Taiwan's industrial structure, and will carry out an array of employment-promotion measures, with a view to endowing Taiwan with a vigorous and sustainable new economy.



# 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).

## APPENDIX: POLICY INITIATIVES

### A. The Plan for National Development in 2010

- Targets for the Plan

Item	Unit	2008	2009 (projected)	2010 (targeted)
<b>Economic scale and price change</b>				
Economic growth rate	%	0.73	-2.53	4.8
Per capita GDP	US\$	17,507	16,390	17,541
CPI rate of increase	%	3.53	-0.73	≤ 1.0
<b>Manpower indicators</b>				
Unemployment rate	%	4.14	5.85	4.9
Employment growth rate	%	1.06	-1.22	2.4
Labor participation rate	%	58.28	57.9	58.0

# Main Focuses of Policy Implementation in 2010

## 1. Promoting economic prosperity

- Revitalizing private investment
- Effecting the reshaping of industry
- Enhancing global linkage
- Improving the business environment
- Expanding employment opportunities

## 2. Improving quality of life

- Responding to the falling birth rate
- Safeguarding the elderly in an aging society
- Strengthening care for the disadvantaged
- Enriching the cultural milieu
- Upgrading educational quality

## 3. Ensuring environmental sustainability

- Post-disaster reconstruction and H1N1 influenza prevention
- Implementing spatial remodeling
- Encouraging green living
- Promoting clean production
- Building a sustainable environment

## 1. Promoting economic prosperity

### Revitalizing private investment

- ◆ Each major private investment project will have a dedicated specialist government officer designated to track and smooth its progress; major benchmark investments, such as the Kuokuang Petrochemical project and Phase 5 of Formosa Petrochemical Corporation's 6th Naphtha Cracker project, will be assisted by special project facilitation teams set up by the government .
- ◆ The government will encourage private participation in the i-Taiwan 12 Projects, as well as private investment in the development of transport hubs in the three main metropolitan regions, tourism service facilities, etc.

### Effecting the reshaping of industry

- ◆ The government will actively develop six key emerging industries, namely: biotechnology, tourism, green energy, health care, high-end agriculture, and cultural & creative enterprises.
- ◆ The government will promote the development of emerging ICT industries, such as WiMAX, cloud computing e-commerce, e-books, intelligent electric vehicles, and intelligent green buildings.
- ◆ The government will promote product diversification, brand development, and the acquisition of key technologies, and will give assistance to market promotion, to raise manufacturing industry's value-added.

## 1. Promoting economic prosperity

### Enhancing global linkage

- ◆ The government will push for the negotiation and signing of a cross-strait Economic Cooperation Framework Agreement (ECFA), provide guidance and support to assist the transformation and upgrading of affected industries, and carry out the Cross-Strait Bridge-Building Program.
- ◆ The government will press for Taiwan's participation in ASEAN regional economic integration, and for the negotiation and signing of FTAs with important trading partners.
- ◆ The government will strive to open up business opportunities in the emerging markets of India, Russia, Brazil, the Middle East, and elsewhere, to disperse Taiwan's export markets and add new vigor to export demand, and will carry out the Project for Promoting Most-Valued Fair-Priced Products in Emerging Markets.

### Improving the business environment

- ◆ The government will draw up short-term, mid-term, and long-term improvement plans based on the content of the World Bank's Ease of Doing Business rankings.
- ◆ The government will continue to collect and review suggestions from domestic and foreign industrial and commercial groups and chambers, and take these into account in carrying out deregulation related to the six key emerging industries and the service sector. The government will also continue regulatory reform in such areas as reviewing financial regulation and revising the Agricultural Finance Act.
- ◆ The government will implement the Global Net Project 2.0 as a means of attracting foreign investment, and take other pertinent measures such as simplifying review procedures for land development.

## 1. Promoting economic prosperity

### Expanding employment opportunities

- ◆ The government will expand employment promotion measures such as providing wage subsidies to the private sector and offering employment in the public sector, with the goal of providing at least 100,000 jobs in 2010.
- ◆ The government will take measures to promote the cultivation of cross-disciplinary talent for the six key emerging industries, focal service industries and budding ITC industries.

## 2. Improving quality of life

### Responding to the falling birth rate

- ◆ The government will institute changes to urban plans in respect of land use and the acquisition of land for residential building, to increase the supply of reasonably priced homes, and will continue to provide interest subsidies for two-year interest-free home-purchase loans to help young couples set up households and have families.
- ◆ The government will implement the Childcare and Nursery Superintendence and Nursery-Fee Subsidy Program.

### Safeguarding the elderly in an aging society

- ◆ The government will draw up the draft of a Long-Term Care Service Act and actively implement the Ten-Year Plan for Long-Term Care.
- ◆ The government will review national health insurance contribution rates, and draw up a plan for improving the financial status of the health insurance system by better balancing its income and expenditures.
- ◆ The government will study means of enabling the aged to use their own homes to obtain old-age pensions

## 2. Improving quality of life

### Strengthening care for the disadvantaged

- ◆ The government will set up an Emergency Relief Fund, to provide emergency relief grants under the Immediate Care scheme, and will improve the micro-business start-up loan and mentoring mechanism, to help the economically disadvantaged get out of their difficulties.
- ◆ The government will provide assistance to disadvantaged families by issuing nursery education vouchers, subsidizing pre-school education for the children of mid- and low-income families, and subsidizing kindergarten attendance for the children of indigenous families.

### Enriching the cultural milieu

- ◆ The government will carry out various plans and projects for promoting living esthetics, integrating culture and education, and so forth.
- ◆ The government will carry out the second stages of the New Home Community Development Plan and the local-culture museum project.

### Upgrading educational quality

- ◆ The government will carry out a plan to promote the development of excellence in higher education.
- ◆ The government will promote high-quality vocational education, and help schools carry out talent cultivation programs.

### 3. Ensuring environmental sustainability

#### Post-disaster reconstruction and H1N1 influenza prevention

- ◆ The government will speed up Typhoon Morakot post-disaster reconstruction, with implementation of the Regional Reconstruction Guideline Plan.
- ◆ The government will bolster H1N1 flu-prevention measures, increasing vaccinations and building up stockpiles of anti-viral agents.

#### Implementing spatial remodeling

- ◆ The government will carry out the i-Taiwan 12 Projects, with investment in a fast and convenient islandwide transportation network, Kaohsiung port-city regeneration, and other projects.
- ◆ The government will promote wider use of electric vehicles, and eliminate highly polluting two-stroke motorcycles.

#### Encouraging green living

- ◆ The government will improve the regulatory system for resource recycling, promote efficiency in industrial resource cycles, and give guidance to farmers on composting farm waste to make their own fertilizer.
- ◆ The government will promote wider use of electric vehicles, and eliminate highly polluting two-stroke motorcycles.

### 3. Ensuring environmental sustainability

#### Promoting clean production

- ◆ The government will push through enactment of the Greenhouse Gas Emission Reduction Act and amendment of the Energy Management Act.
- ◆ The government will help industries achieve clean production, and improve the marketing channels for products with environmental labels.

#### Building a sustainable environment

- ◆ The government will carry out land conservation in severe subsidence areas and restore degraded forest land.
- ◆ The government will raise the forest coverage ratio of protective forests, and will step up coastal and offshore island forestation, with the projected management of 460,000 hectares of protective forest and ecological restoration of 100 hectares of coastal forest in 2010.

## B. Promoting the normalization of cross-strait relations

- The fourth round of Chiang-Chen Talks formally convened on December 22, 2009, at the Windsor Hotel in Taichung.
- Straits Exchange Foundation (SEF) Chairman Chiang Pin-kung and Association for Relations Across the Taiwan Strait (ARATS) Chairman Chen Yunlin represented the two sides in signing three agreements on cross-strait cooperation in agricultural product inspection and quarantine, cross-strait cooperation in standards, metrology, inspection, and certification, and cross-strait fishery labor cooperation.

Agreement	Content
1. Cross-Strait Cooperation in Inspection and Quarantine of Agricultural Products	<ul style="list-style-type: none"><li>■ As cross-strait trade in agricultural products increases year by year, there is pressing need for the two sides' agricultural authorities to confer on preventing animal and plant diseases and insect pests being transmitted inter-territorially through trade activity.</li><li>■ After the signing of the Cross-Strait Agreement on Inspection and Quarantine of Agricultural Products, the two sides will be able to establish mechanisms for conferral, inquiry and notification in respect of agricultural product inspection and quarantine.</li><li>■ This will enhance the receipt of information concerning epidemics and regulatory measures, and will heighten customs clearance efficiency for the sale of Taiwan's agricultural products to the mainland, while checking the extraterritorial spread of major epidemics, and enabling effective measures to be taken promptly to deal with major problems that have already occurred. It will thus achieve the triple benefits of maintaining ecological safety, safeguarding the people's health, and expanding the export of agricultural products.</li></ul>

## B. Promoting the normalization of cross-strait relations

Agreement	Content
2. Cross-Strait Cooperation in Standards, Metrology, Testing and Certification	<ul style="list-style-type: none"><li>■ To upgrade Taiwan's industrial technology capabilities and enhance the international competitiveness of Taiwan's businesses, the signing of the Cross-Strait Agreement on Cooperation in Standards, Metrology, Testing and Certification provides for the responsible authorities on the two sides to set up contact channels for promptly obtaining information on unsafe products and relevant governing regulations, to eliminate trade in substandard goods produced by unscrupulous manufacturers, and to protect the rights and interests of consumers.</li><li>■ The agreement will also enable the two sides to complement each other's advantages in industrial production, break through foreign patent barriers, and set up high-value-added industrial supply chains across the Taiwan Strait.</li><li>■ It will help Taiwanese firms save costs and time, give a boost to Taiwan's testing capabilities, and enable Taiwan to gain greater power in the development of international standards and emerging technology industries.</li></ul>

## B. Promoting the normalization of cross-strait relations

Agreement	Content
3. Cross-Strait Fishery Labor Cooperation	<ul style="list-style-type: none"><li>■ Taiwan's fishing industry has long suffered from a serious shortage of labor, which it has covered by hiring large numbers of crew from the mainland, but in so doing has had to contend with frequent disputes. To protect the rights and interests of Taiwan's fishing boat owners and mainland Chinese crew, and prevent the occurrence of bloody incidents in fishing boats at sea, the two sides have signed this agreement on cooperation in respect of fishing crew labor affairs.</li><li>■ The agreement provides for the setting up of contact and coordination channels, to resolve longstanding problems in the employment of mainland fishing labor. It also provides for the establishment of mechanisms to manage the dispatch of mainland crew and for their entry to work on Taiwanese boats. These provisions will enable the orderly arrangement of cross-strait labor cooperation, reduce the incidence of unlawful acts, safeguard the rights and interests of boat owners and crew, promote harmonious labor relations, and demonstrate Taiwan's commitment to protecting human rights.</li></ul>

- Regarding the issue of cross-strait agreement on the avoidance of double taxation and strengthening of tax cooperation, although the competent authorities of both sides have communicated and conferred about this extensively, and have reached consensus on its main content, there are still some technical arrangements that require further communication and discussion, which made it impossible to conclude the agreement as scheduled. In the future, we will continue negotiation on the existing basis to pursue the signing of this agreement in good time, so as to eliminate cross-strait double taxation, enable Taiwanese businesses to operate more competitively, and help attract more transnational enterprises to invest in Taiwan.

## B. Promoting the normalization of cross-strait relations

- This round of talks also addressed communication and arrangements for the items slated for inclusion on the agenda for the 5th round of talks, which is expected to be held in mainland China at a suitable opportunity in the first half of 2010.

Issues to be negotiated	Content
Protection of intellectual property rights	<ul style="list-style-type: none"><li>■ On November 5, 2009, the Legislative Yuan's Economics Committee passed a resolution noting that the extensive infringement of Taiwanese businesses' trademarks, patents, patent technologies, and intellectual property rights in mainland China had become the biggest barrier to cross-strait trade, and requesting that this issue be raised for preliminary discussion at the 4th round of talks and included as a concrete negotiation item on the agenda for the 5th round of talks.</li><li>■ In accordance with this resolution, Taiwan's representatives pressed for and secured agreement for IPR protection to be listed as a negotiation item for the next round of talks.</li></ul>
Economic Cooperation Framework Agreement (ECFA)	<ul style="list-style-type: none"><li>■ The two sides also agreed to list the cross-strait ECFA as a main negotiation item.</li><li>■ It was agreed to embark as quickly as possible on specialist negotiation under the SEF-ARATS framework, with the aim of establishing a stable framework for cross-strait economic cooperation, to bring long-term and positive effects for Taiwan's economic development.</li></ul>

# 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				
2003	3.67	2.34	2.91	-1.23	-0.11	1.93	-4.70	-4.47	-	-	10.23	7.68
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	-1.72	-0.57	0.68	-11.17	-13.78	-2.38	-0.39	-	-	0.56	-3.12
<b>2009<sub>p</sub></b>	<b>-1.87</b>	<b>-3.82</b>	<b>1.48</b>	<b>3.63</b>	<b>-11.80</b>	<b>-19.38</b>	<b>4.03</b>	<b>18.77</b>			<b>-9.21</b>	<b>-13.73</b>
Q1	-9.06	-11.42	-1.96	5.03	-29.37	-35.53	-28.33	13.72	-	-	-26.87	-33.20
Q2	-6.85	-6.61	-0.61	2.91	-21.37	-30.75	5.77	22.42	-	-	-17.24	-19.25
Q3 <sub>r</sub>	-0.98	-2.52	2.31	3.64	-5.20	-12.02	7.91	25.83	-	-	-8.41	-12.27
Q4 <sub>p</sub>	9.22	5.23	6.27	3.16	11.14	8.16	23.00	14.05	-	-	19.06	14.53
<b>2010<sub>f</sub></b>	<b>4.72</b>	<b>5.49</b>	<b>1.81</b>	<b>0.17</b>	<b>10.94</b>	<b>14.81</b>	<b>1.73</b>	<b>1.70</b>	-	-	<b>13.84</b>	<b>17.66</b>
Q1 <sub>f</sub>	9.24	10.12	3.02	-2.42	20.01	25.47	19.72	-1.92	-	-	34.72	43.39
Q2 <sub>f</sub>	6.05	6.48	2.42	0.21	15.56	21.11	0.04	3.03	-	-	17.89	21.67
Q3 <sub>f</sub>	3.95	4.72	1.71	0.58	6.36	7.52	2.38	3.54	-	-	7.06	9.15
Q4 <sub>f</sub>	0.66	1.45	0.21	1.77	5.20	8.52	-5.05	1.35	-	-	2.39	4.19

P = preliminary; f = forecast; r = revised. Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), February 2010

# STATISTICAL ANNEX TABLES

## II. Contributions 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	Subtotal	Private sector	Public enterprises	Gov't				
2003	3.67	2.37	1.85	-0.18	-0.02	0.31	-0.11	-0.22	0.72	1.30	5.53	4.23
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	-1.54	-0.33	0.08	-2.36	-2.32	-0.04	-0.01	1.07	2.27	0.40	-1.88
<b>2009<sub>p</sub></b>	<b>-1.87</b>	<b>-3.34</b>	<b>0.83</b>	<b>0.42</b>	<b>-2.20</b>	<b>-2.79</b>	<b>0.06</b>	<b>0.53</b>	<b>-2.39</b>	<b>1.48</b>	<b>-6.47</b>	<b>-7.94</b>
Q1	-9.06	-10.26	-1.17	0.51	-5.81	-5.72	-0.40	0.31	-3.80	1.20	-19.41	-20.61
Q2	-6.85	-5.72	-0.34	0.32	-4.07	-4.70	0.07	0.56	-1.63	-1.14	-12.58	-11.44
Q3 <sub>r</sub>	-0.98	-2.19	1.27	0.43	-0.97	-1.76	0.10	0.70	-2.93	1.21	-6.13	-7.34
Q4 <sub>p</sub>	9.22	4.57	3.50	0.41	1.92	0.94	0.45	0.52	-1.26	4.65	11.92	7.27
<b>2010<sub>f</sub></b>	<b>4.72</b>	<b>4.72</b>	<b>1.06</b>	<b>0.02</b>	<b>1.84</b>	<b>1.75</b>	<b>0.03</b>	<b>0.06</b>	<b>1.80</b>	<b>0.01</b>	<b>8.99</b>	<b>8.98</b>
Q1 <sub>f</sub>	9.24	8.86	1.93	-0.29	3.07	2.91	0.22	-0.05	4.14	0.38	20.17	19.79
Q2 <sub>f</sub>	6.05	5.62	1.42	0.03	2.50	2.40	0.00	0.10	1.67	0.43	11.60	11.17
Q3 <sub>f</sub>	3.95	4.04	0.97	0.07	1.13	0.98	0.03	0.12	1.86	-0.09	4.76	4.85
Q4 <sub>f</sub>	0.66	1.22	0.12	0.22	0.91	0.97	-0.11	0.05	-0.02	-0.56	1.63	2.20

P = preliminary; f = forecast; r = revised. Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), February 2010