

Taiwan's Economic Situation

Summary

In November 2011, the dampening effects of European debt crisis fears and weakness in the US economy were reflected in an increase of only 1.3% in exports and a decrease of 3.6% in industrial production. Consumer prices (the CPI) decreased by 1.01%, and the unemployment rate descended to 4.28%. On the financial side, November's M2 monetary aggregate growth fell to 5.07% from 5.54% in October, and the average of the stock price index dipped slightly to 7,275 points. The overall monitoring indicator flashed the "yellow-blue" signal for the fourth consecutive month, indicating that the economy has entered a slowing phase with heightening uncertainty of outlook.

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.

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.

% change on previous year	Historical Data				Current Data (2011)				
	2007	2008	2009	2010	Aug.	Sep.	Oct.	Nov.	Jan.-Nov.
GDP	5.70	0.12	-1.81	10.72	-	-	3.69	-	-
CPI	1.80	3.53	-0.87	0.96	1.34	1.35	1.22	1.01	1.37
Unemployment rate	3.91	4.14	5.85	5.21	4.45	4.28	4.30	4.28	4.43
Exports	10.1	3.6	-20.3	34.8	7.2	9.9	11.7	1.3	13.4
Imports	8.2	9.7	-27.5	44.2	6.4	10.8	11.8	-10.4	13.5
Export orders	15.5	1.7	-8.33	20.56	5.3	2.7	2.7	2.5	8.0
Industrial production	7.8	-1.8	-8.1	26.9	3.9	1.6	1.4	-3.6	6.0
Monetary aggregate (M2)	4.3	2.7	7.2	4.59	6.16	5.85	5.54	5.07	5.86
Stock market**	8,510	7,024	6,460	7,950	7,763	7,385	7,345	7,275	8,272

Note: * The DGBAS forecasts that Taiwan's real GDP will grow 4.51% 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)