

Taiwan's Economic Situation

Summary

In the first two months of 2012, Taiwan's exports and imports declined by 4.5% and 5.8% year-on-year, due mainly to the slowdown of the global economy. Consumer prices (the CPI) increased by 1.31%, and the unemployment rate increased from 4.18% in January to 4.25% in February. On the financial side, February's M2 monetary aggregate grew by 4.92%, while the stock price index averaged 7,856 points. Although the overall monitoring indicator again flashed the "blue" light signaling economic contraction, the pace of decline in some components moderated. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the annualized six-month rate of change of the leading index increased by 1.3 points, while the trend-adjusted coincident index decreased by 1.3% from the previous month. These changes point to a slight brightening of outlook for Taiwan's economy.

In order to actively respond to the impact of economic weakness in Europe on Taiwan's economy, the government has mapped out 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.

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	Jan.	Feb.	Jan.-Feb.
GDP	0.12	-1.81	10.72	4.04	1.19	-	-
CPI	3.53	-0.87	0.96	1.42	2.37	0.25	1.31
Unemployment rate	4.14	5.85	5.21	4.39	4.18	4.25	4.22
Exports	3.6	-20.3	34.8	12.3	-16.8	10.3	-4.5
Imports	9.7	-27.5	44.2	12.1	-11.9	1.3	-5.8
Export orders	1.7	-8.33	20.56	7.2	-8.6	17.6	3.3
Industrial production	-1.8	-8.1	26.9	4.6	-16.8	8.4	-5.4
Monetary aggregate (M2)	2.7	7.2	4.59	5.79	5.22	4.92	5.07
Stock market**	7,024	6,460	7,950	8,155	7,177	7,856	7,565

Note: * The DGBAS has estimated that Taiwan's real GDP will grow 3.85% in 2012.

** Stock index (monthly average).

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