

Taiwan's Economic Situation

Summary

In April 2013, the annual growth rate of Taiwan's exports swung from positive to negative, showing a contraction of 1.9% from April 2012. Industrial production fell 0.88% and export orders were down 1.1% year on year, due mainly to the uncertain prospects of the global economy. Consumer prices (the CPI) increased by 1.04%, and the unemployment rate decreased to 4.07% from 4.17% in March. On the financial side, the month's M2 monetary aggregate grew by 3.71%, while the stock price index averaged 7,893 points. April's Taiwan Business Indicators showed that the domestic economy was still facing many challenges, but the overall light signal of the monitoring indicators improved to green after flashing yellow-blue for eight consecutive months.

In the first quarter of 2013, weakened external demand curtailed the expansion of real goods and services exports. With domestic demand also depressed, the quarter's year-on-year growth rate of Taiwan's unadjusted GDP was 1.67%. Looking ahead, it can be expected that external trade growth will be limited due to the crawling expansion of the global economy and strong competition from abroad in certain industries. According to the latest projection by the DGBAS, GDP will grow 2.40% in 2013, a downward revision of 1.19 of a percentage point from the agency's previous forecast.

In order to strengthen the country's responses to external influences like the European debt crisis, and to improve prospects for long-term growth, Premier Sean Chen announced the "Economic Power-Up Plan" in mid-September 2012. This plan will address internal issues such as imbalance in the industrial structure, mismatch between labor supply and demand, and declining exports. 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 (2013)			
	2009	2010	2011	2012	Feb.	Mar.	Apr.	Jan.-Apr.
GDP	-1.81	10.72	4.03	1.26	-	1.67	-	-
CPI	-0.87	0.96	1.42	1.93	2.96	1.37	1.04	1.62
Unemployment rate	5.85	5.21	4.39	4.24	4.24	4.17	4.07	4.16
Exports	-20.3	34.8	12.3	-2.3	-15.8	3.3	-1.9	1.3
Imports	-27.5	44.2	12.1	-3.8	-8.5	0.2	-8.2	0.9
Export orders	-8.3	20.6	7.2	1.1	-14.5	-6.6	-1.1	-1.6
Industrial production	-8.1	26.9	4.6	-0.1	-11.2	-3.0	-0.9	0.6
Monetary aggregate (M2)	7.2	4.6	5.8	4.17	3.53	3.78	3.71	3.50
Stock market**	6,460	7,950	8,155	7,468	7,933	7,907	7,893	7,865

Note: * The DGBAS has provisionally estimated that Taiwan's real GDP grew 2.40% in 2013.

**Stock index (monthly average).

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