

Taiwan's Economic Situation

Summary

In August 2011, Taiwan's exports and imports increased by 7.2% and 6.4% year-on-year, as export growth was slowed by the impact of European debt crisis fears and weakness in the US economy. Consumer prices (the CPI) increased by 1.34%, and the unemployment rate rose slightly to 4.45% as a wave of new graduates entered the job market. On the financial side, August's M2 monetary aggregate growth fell fractionally to 6.16% from 6.18% in July, and the average of the stock price index dropped sharply to 7,763 points. The overall monitoring indicator flashed the "yellow-blue" signal, indicating that the economy has lost steam and its outlook become more uncertain.

In order to ease the impact of economic weakness in Europe and the US on Taiwan's exports, the government needs to speed up the elimination of investment barriers and promote the expansion of exports to Asian and other emerging markets. While addressing these tasks, 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 continued sound progress toward endowing Taiwan with a vigorous and sustainable new economy.

% change on previous year	Historical Data				Current Data (2011)				
	2007	2008	2009	2010	May.	Jun.	Jul.	Aug.	Jan.-Aug.
GDP	5.70	0.12	-1.93	10.88	-	5.02	-	-	-
CPI	1.80	3.53	-0.87	0.96	1.65	1.73	1.32	1.34	1.43
Unemployment rate	3.91	4.14	5.85	5.21	4.27	4.35	4.41	4.45	4.45
Exports	10.1	3.6	-20.3	34.8	9.5	10.8	17.6	7.2	15.7
Imports	8.2	9.7	-27.5	44.2	19.3	12.5	17.0	6.4	17.6
Export orders	15.5	1.7	-8.33	20.56	11.53	9.18	11.12	5.3	10.0
Industrial production	7.8	-1.8	-8.1	26.9	7.6	3.6	3.9	3.9	8.5
Monetary aggregate (M2)	4.3	2.7	7.2	4.59	6.14	5.99	6.18	6.16	6.01
Stock market**	8,510	7,024	6,460	7,950	8,911	8,749	8,681	7,763	8,636

Note: * The DGBAS forecasts that Taiwan's real GDP will grow 4.81% 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)

