

TAIWAN'S ECONOMIC SITUATION AND OUTLOOK

December 2011

Council for Economic Planning and Development
Executive Yuan

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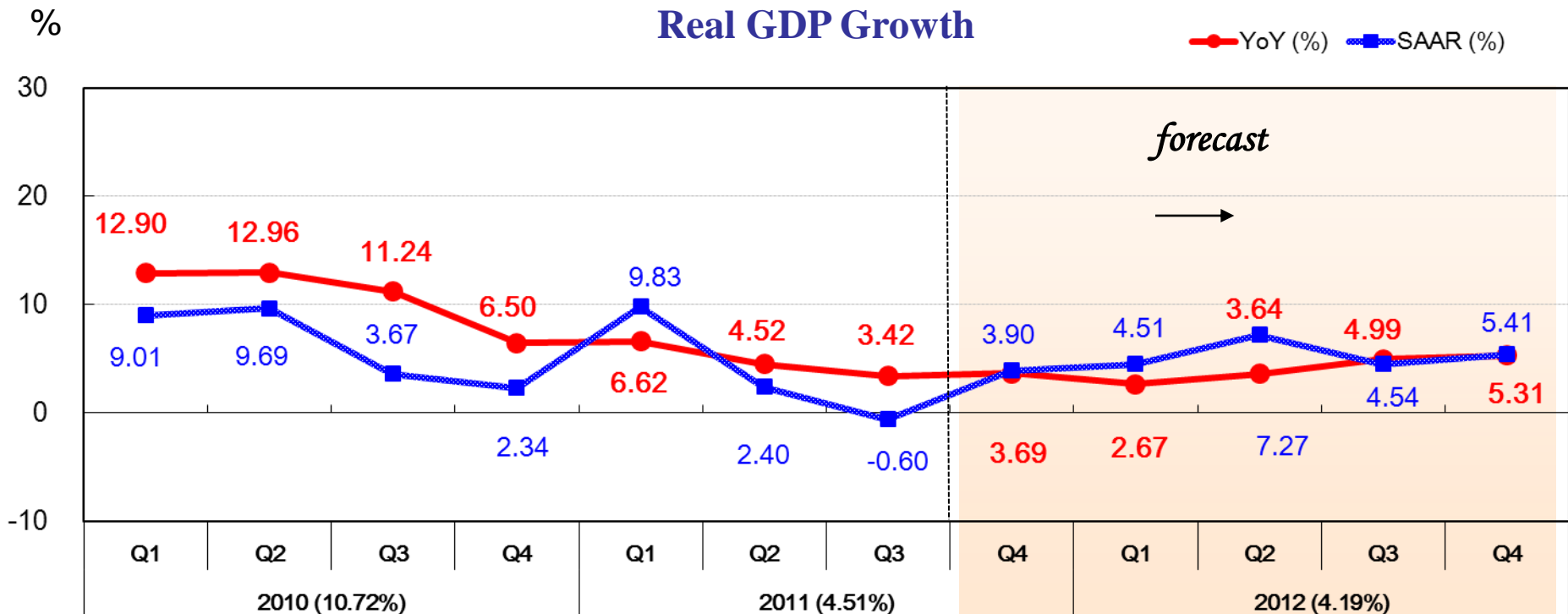
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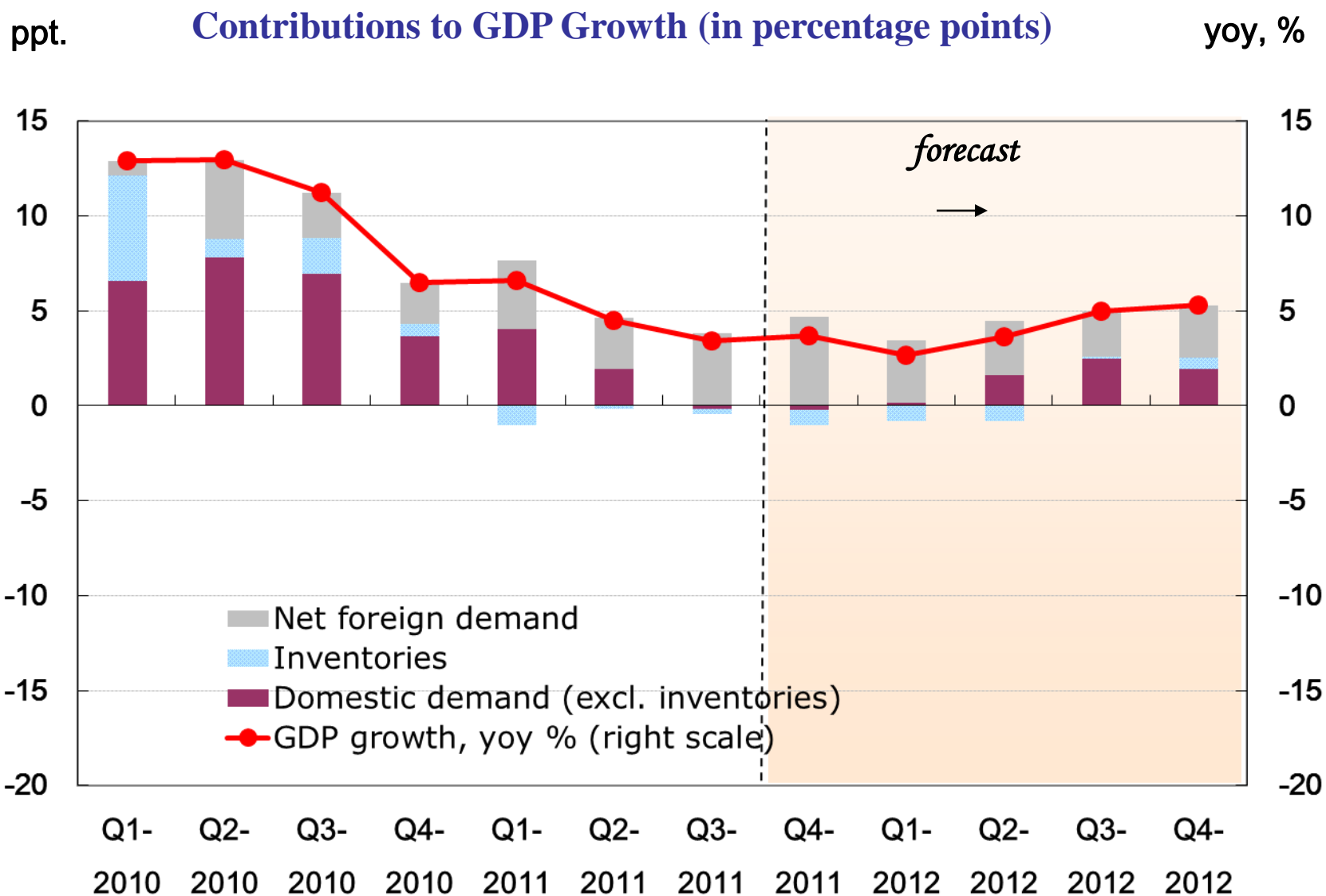
Economic Growth

- ⇒ In Q3 2011, the external sector lost some of its vigor while domestic demand also cooled slightly. Despite the deceleration of both growth drivers, real GDP growth for 2011 is forecast at a solid 4.51%.
- ⇒ The external sector ticked along at a moderate pace during Q3, with real exports of goods and services up by 2.09% yoy. With private consumption up by 3.14% yoy, real GDP is preliminarily estimated to have increased by 3.42% from the same quarter of the previous year.
- ⇒ Expressed as a seasonally adjusted annual rate (SAAR), real GDP decreased 0.60% in Q3, while the SAARs for Q1 and Q2 were revised to 9.83% and 2.40% respectively.



Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), Nov. 2011

I. CURRENT DOMESTIC SITUATION

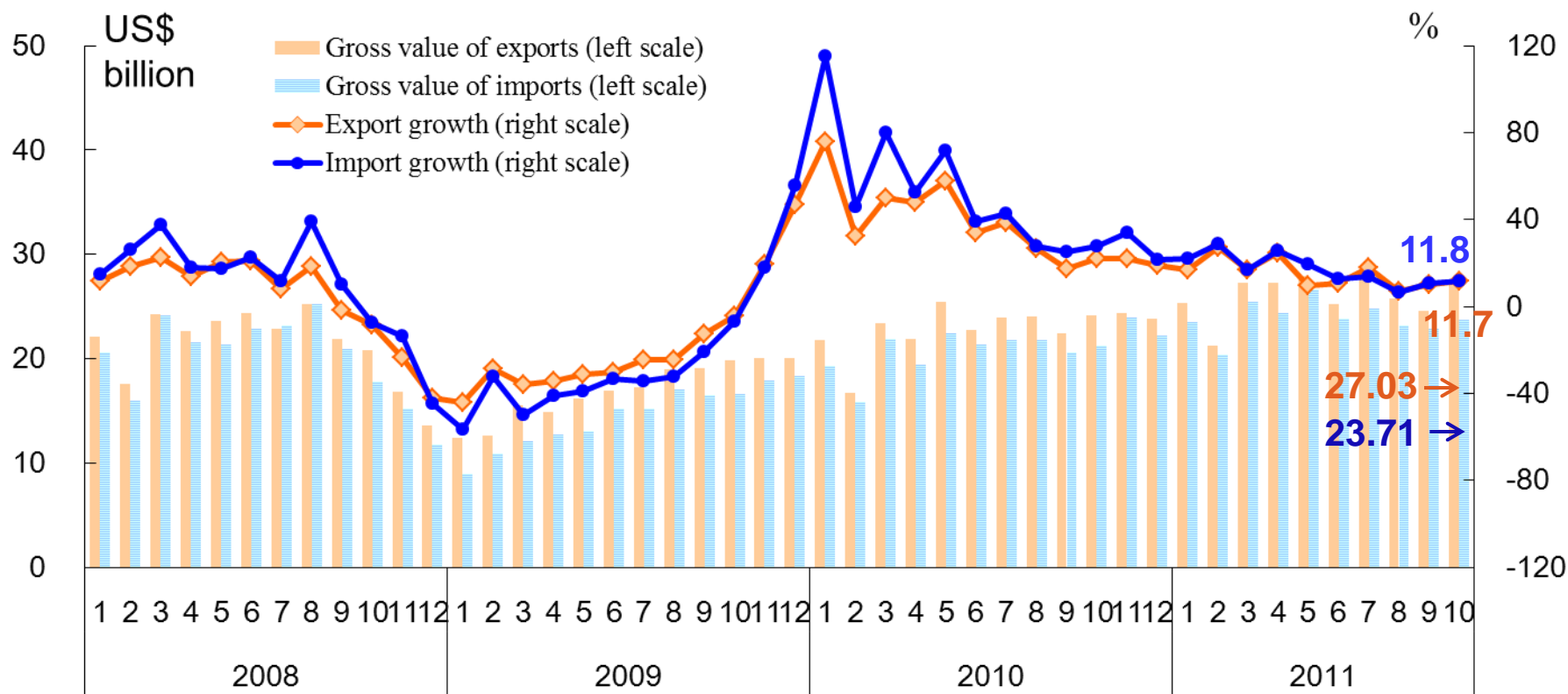


Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), Nov. 2011.

I. CURRENT DOMESTIC SITUATION

Foreign Trade

- ⇒ Exports and imports rose by 11.7% and 11.8% year on year in October 2011, growing for the 24th consecutive month.
- ⇒ The month's foreign trade yielded a balance of US\$3.3 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.

I. 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.

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
2002 Share	20.2	9.1	13.9	32.1	11.9	16.1	24.2	6.4	8.7	14.7
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	-0.8	12.2	13.8	-2.8	5.3	36.5	16.2	3.8
2006	11.2	7.9	10.5	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	-0.8	11.7	11.9	1.7
2008	-4.0	10.2	4.6	-0.8	7.3	-0.7	1.2	39.9	10.2	8.0
2009	-23.5	-17.4	-24.6	-15.9	-21.5	-31.0	-22.1	-42.2	-22.3	-22.8
2010	33.6	24.3	30.1	37.1	37.2	39.8	43.3	39.4	47.1	45.6
2010 Share	11.5	6.6	10.7	41.8	15.1	10.1	20.7	12.5	15.0	11.5
2011 Jan-Oct	11.8	5.9	10.2	40.4	16.17	9.1	18.6	12.7	16.1	11.6

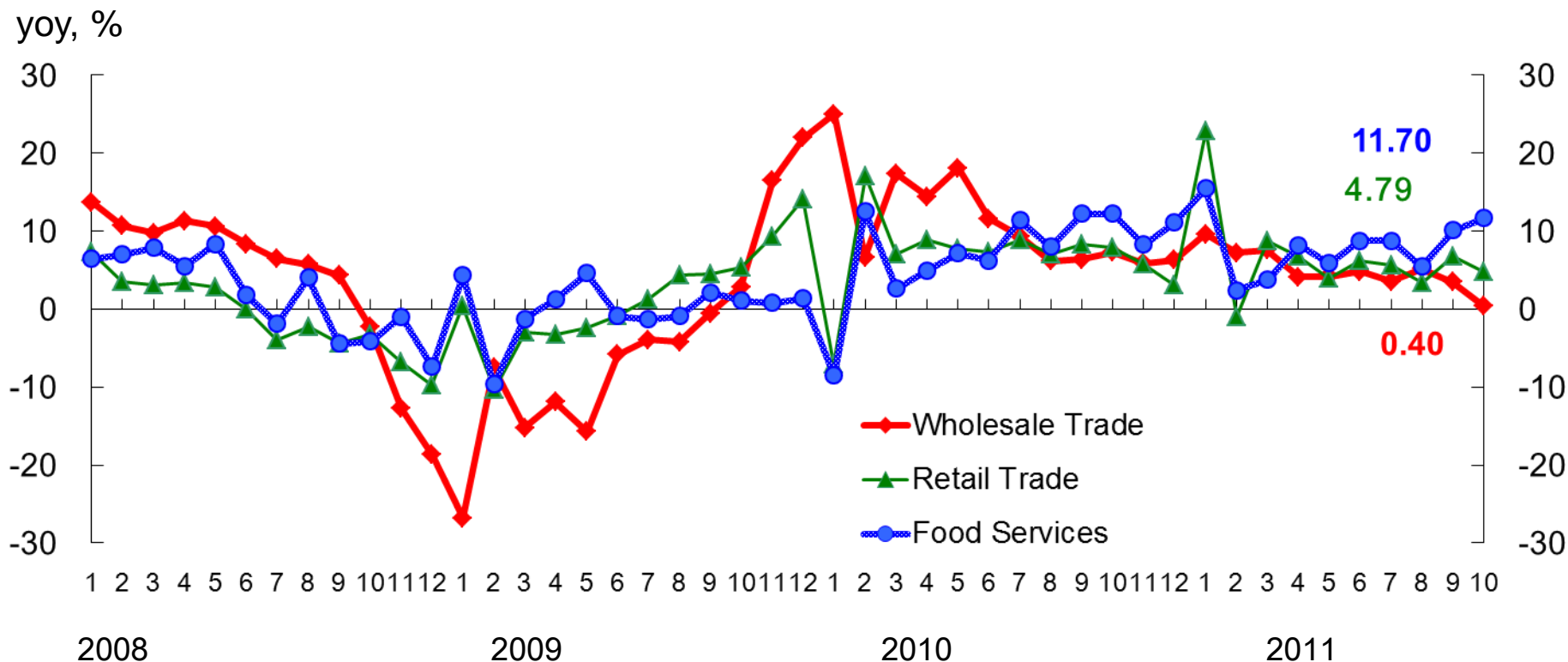
*ASEAN 6 refers to Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Source: Ministry of Finance.

I. CURRENT DOMESTIC SITUATION

Domestic consumption

- ⇒ With consumer confidence improving significantly due to rising employment, private consumption grew by 3.14% from a year earlier in Q3 2011, while government consumption increased by 2.43%. Private consumption has grown by more than 3% for three successive quarters.
- ⇒ Sales of retail trade and food services posted an annual increase of 5.37% for October 2011, contributed largely by an 11.70% increase in food services. Retail trade and wholesale trade increased 4.79% and 0.40%, respectively.



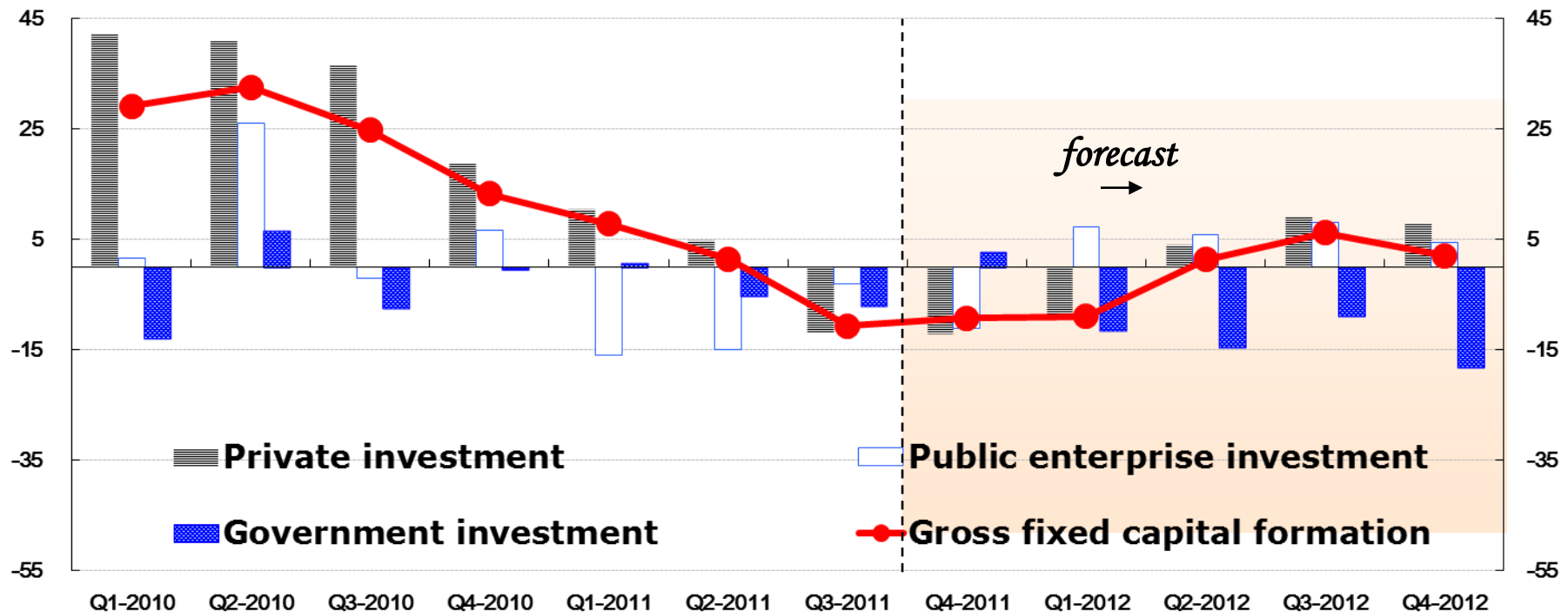
Source: Ministry of Economic Affairs.

I. CURRENT DOMESTIC SITUATION

Domestic Investment

- ⇒ In Q3 2011, private investment and gross fixed capital formation fell 11.90% and 10.66% respectively.
- ⇒ This big drop in private investment was caused by investment plans being put on hold due to the weak economy, with imports of capital equipment and investment in construction continuing to decline.

yoy, %



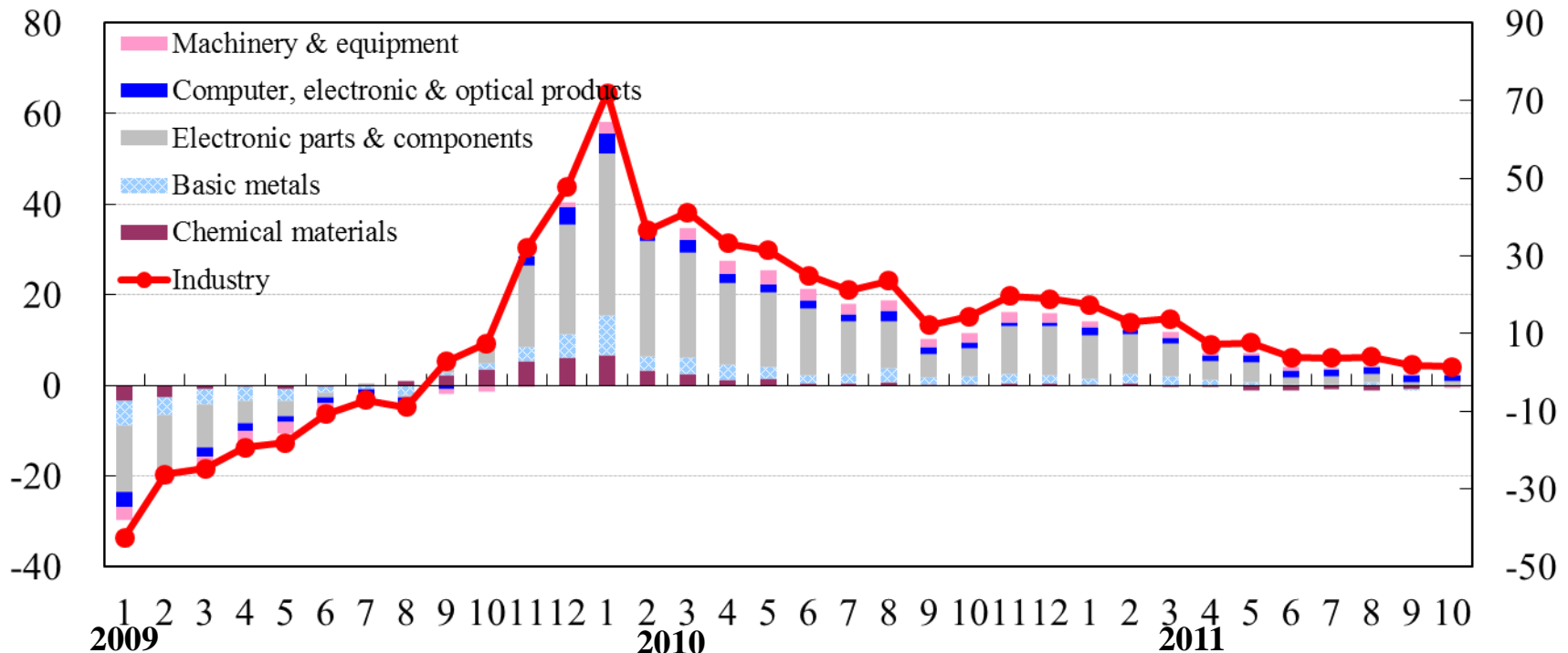
I. CURRENT DOMESTIC SITUATION

Industrial Production

- ⇒ The industrial production index showed a year-on-year increase of 1.41% in October 2011. Building construction output soared 7.64%, electricity & gas supply rose 1.67%, and manufacturing output increased 1.34%, while mining & quarrying decreased 7.10%, and water supply decreased 0.95%.
- ⇒ The semiconductor, panel, machinery and basic metal industries were still the main contributors to the industrial production index, while chemical materials and machinery & equipment made negative contributions.

Growth of Industrial Production Index

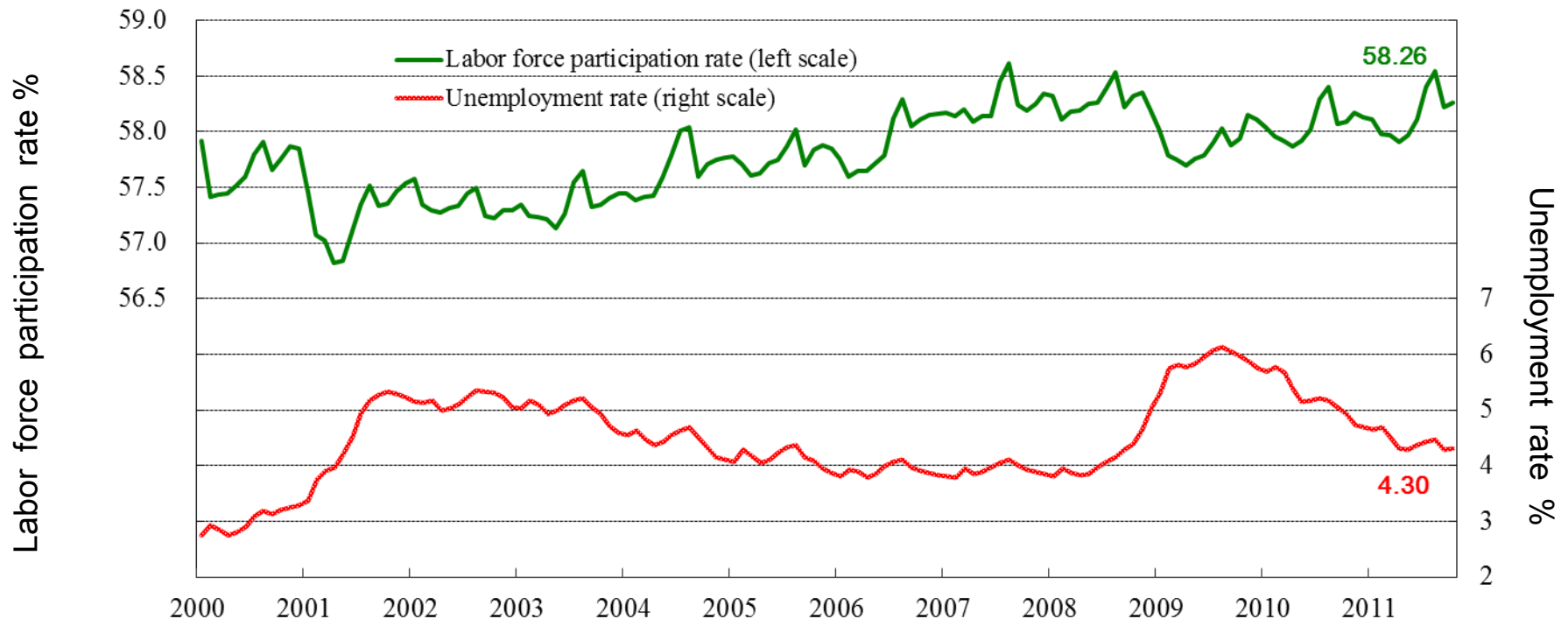
yoy %



I. CURRENT DOMESTIC SITUATION

Unemployment Rate and Labor Force Participation Rate

- ⇒ In October 2011, the unemployment rate stood at 4.30%, up 0.02 of a percentage point from the previous month, and 0.62 percentage points lower than a year earlier. The seasonally adjusted unemployment rate also stood at 4.30%.
- ⇒ The labor force participation rate increased by 0.04 of a percentage point from the previous month to 58.26%, up 0.17 of a percentage point from a year earlier.

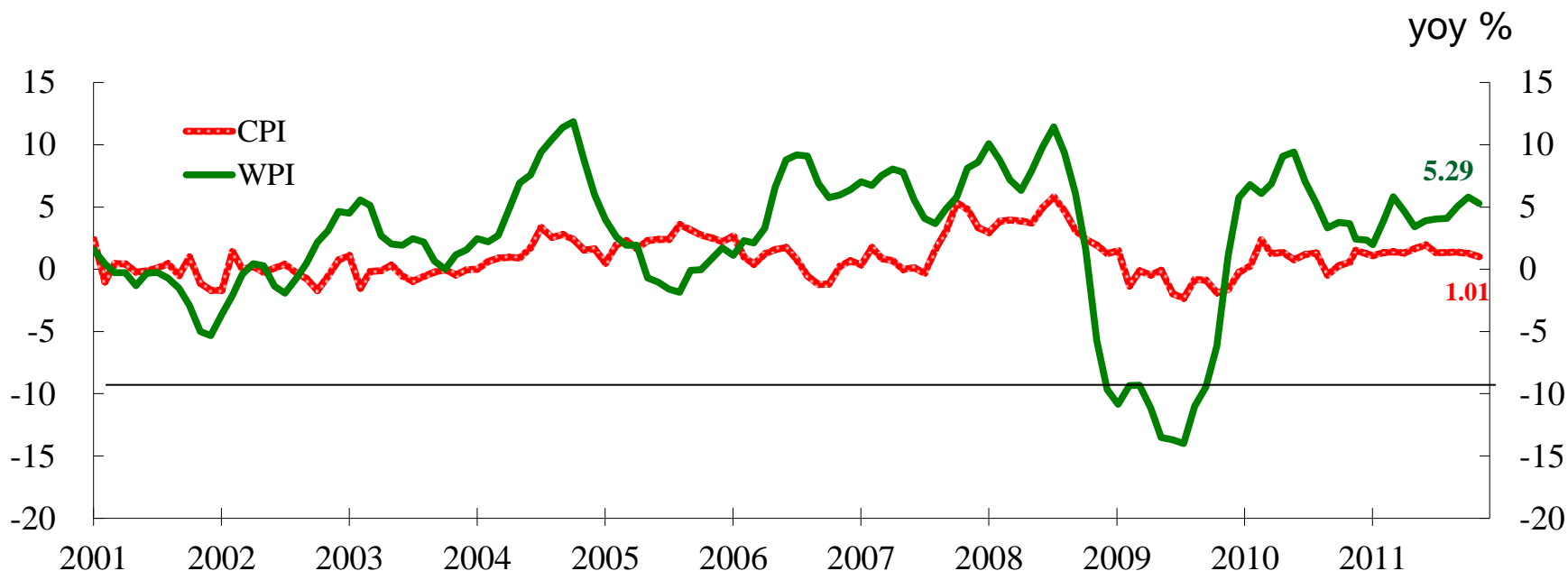


Source: Directorate-General of Budget, Accounting and Statistics, Nov. 2011

I. CURRENT DOMESTIC SITUATION

Prices

- ⇒ In November 2011, Taiwan's CPI increased by 1.01% from the same month last year. The most significant changes in CPI components were increases in the prices of clothing, medicines & medical Care, and housing. Core prices (excluding fresh food and energy prices) increased 1.24%.
- ⇒ The WPI in November rose by 5.29% year on year, due mainly to the surging prices of crude petroleum & natural gas, petroleum & coal products, and chemical materials. These price rises were partially offset by declining prices of electronic parts and components.

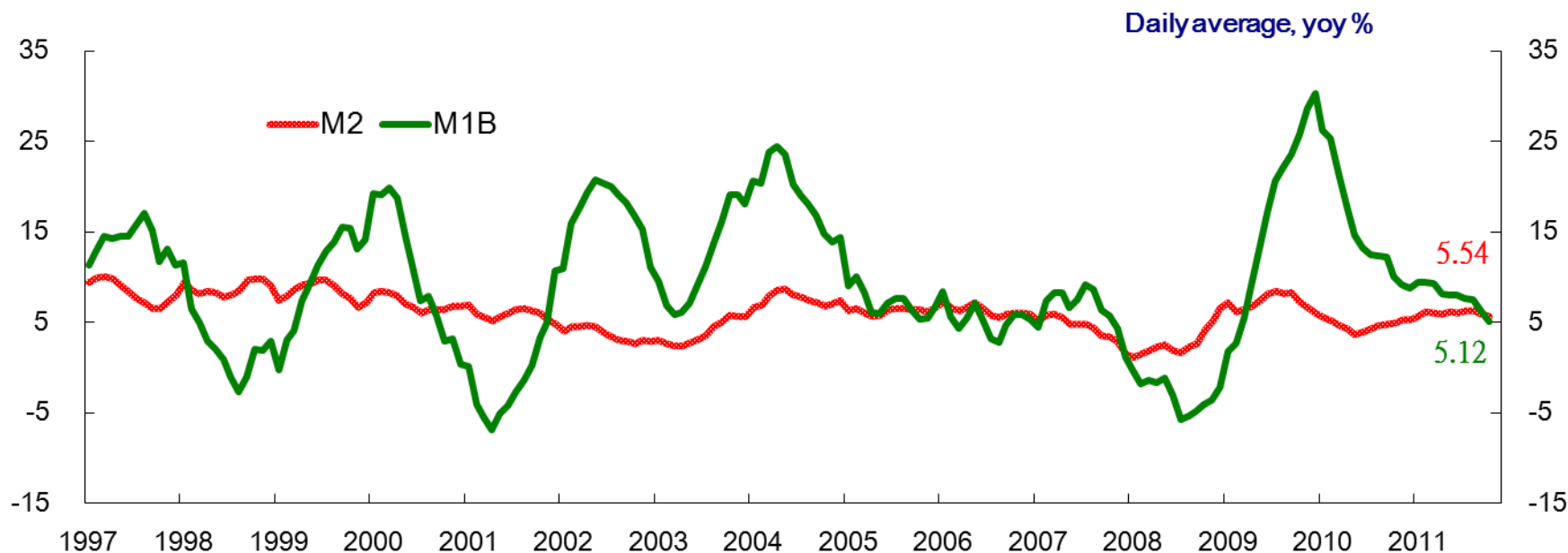


Source: Directorate-General of Budget, Accounting and Statistics, Dec. 2011

I. CURRENT DOMESTIC SITUATION

Money Supply

- ⇒ Due mainly to the slowing growth in bank loans and investments, the annual growth rates of M1B and M2 in October 2011 declined to 5.12% and 5.54%, respectively.
- ⇒ The monthly growth rate of M1B, measured on a daily average basis, was -0.87%, lower than the preceding month. The monthly growth rate of M2, measured on a daily average basis, was 0.36%, higher than the previous month. This was mainly caused by the flow of funds from demand deposits to time and savings deposits.

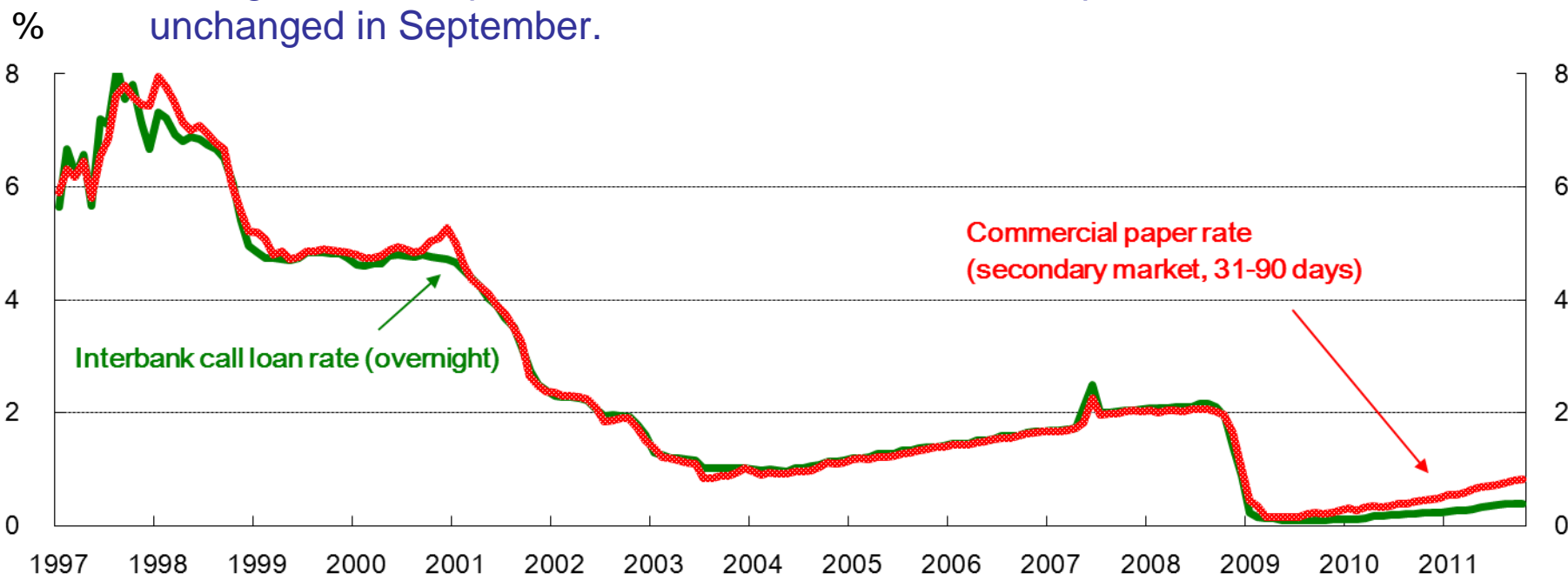


Source: Central Bank of China (Taiwan).

I. CURRENT DOMESTIC SITUATION

Short-term Interest Rates

- ⇒ With the five recent policy rate hikes by the CBC up to June this year, banks' overnight call-loan rates have risen steadily. The CBC has also continued with the issuance of 364-day NCDs to step up the absorption of longer-term excess liquidity. The commercial paper and interbank rates in October 2011 rose to 0.82% and 0.395%, respectively.
- ⇒ Based on increasing global economic and financial uncertainties, plus the easing of inflation pressures, the CBC decided to keep interest rates unchanged in September.

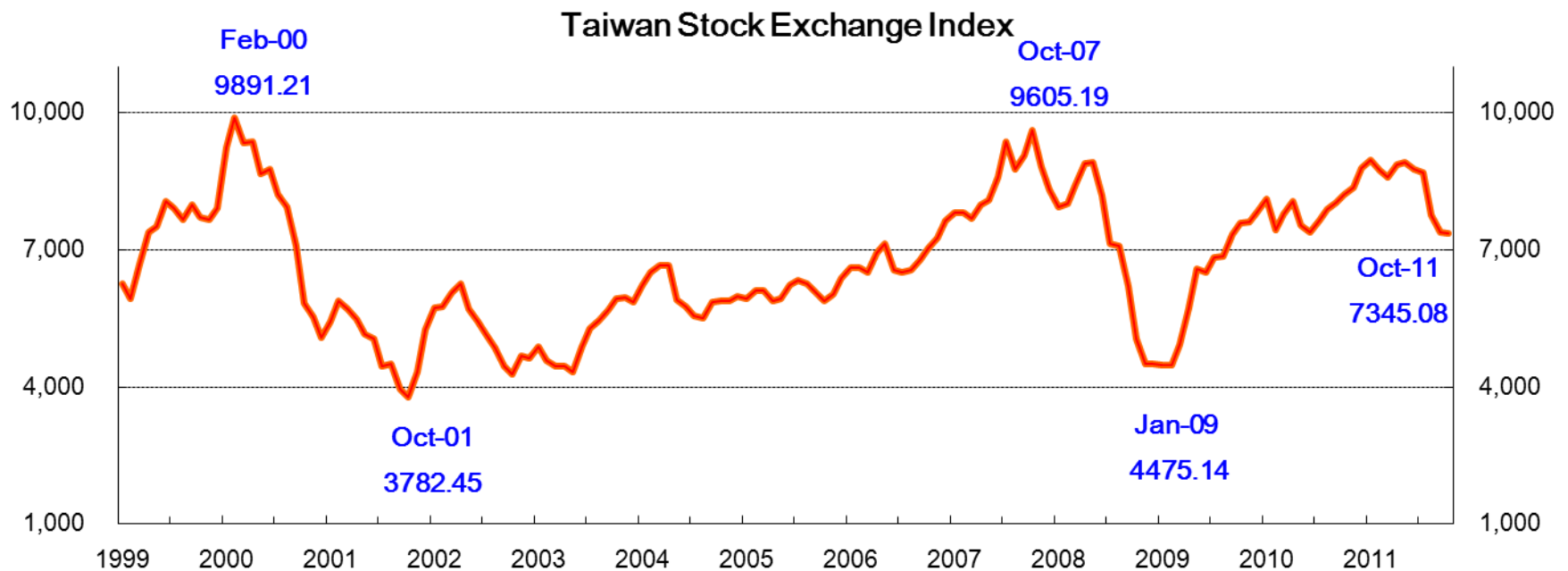


Source: Central Bank of China (Taiwan).

I. CURRENT DOMESTIC SITUATION

Stock Price

- ⇒ In the first half of 2011, the interplay of the global economic recovery, tightening monetary policy in mainland China, European debt crisis fears, and Japan's earthquake had a fluctuating effect on Taiwan's stock exchange index.
- ⇒ In October 2011, the sovereign debt crises in euro countries, plus the weak recovery of employment and real estate in the US had a dampening effect on consumer and investor confidence, causing the average closing level of Taiwan's stock exchange index to slip to 7,345, down 0.54% from September.

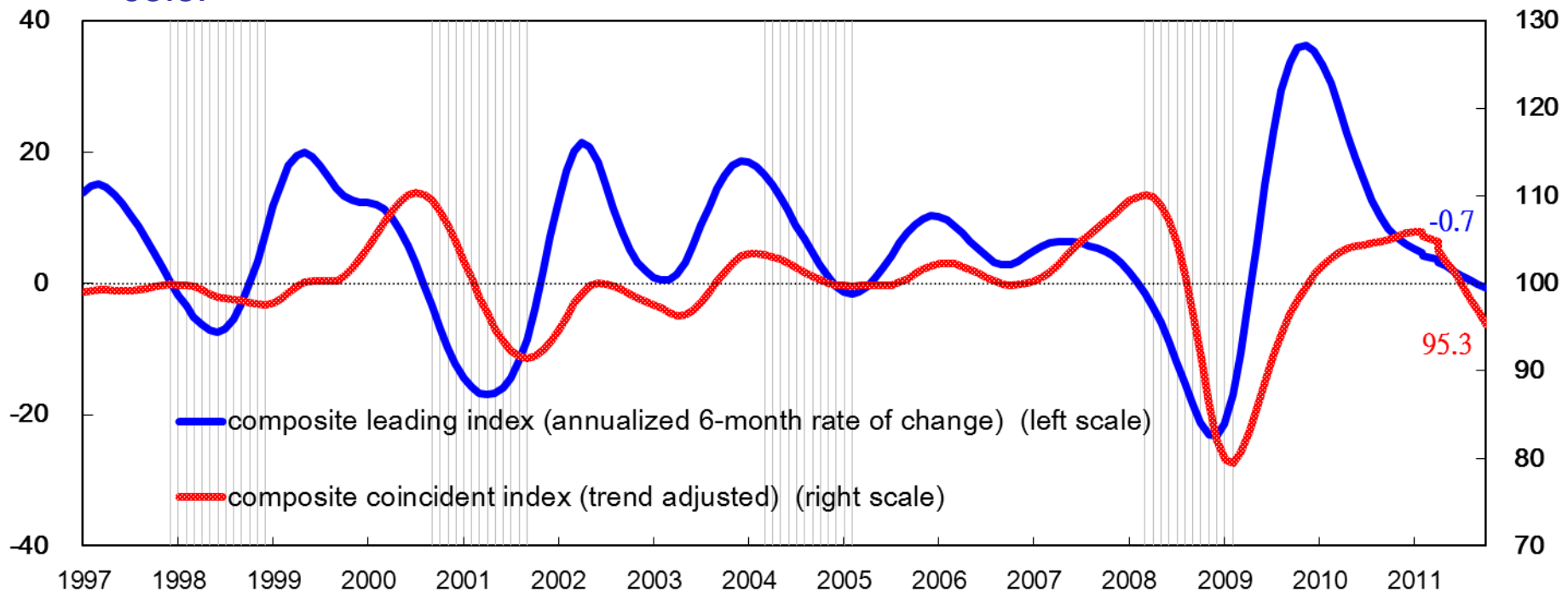


Source: Taiwan Stock Exchange.

I. CURRENT DOMESTIC SITUATION

Taiwan Business Indicators

⇒ In October 2011, the Taiwan Business Indicators pointed to a downturn in and increasing uncertainty for the economy. The annualized six-month rate of change of the leading index was -0.7%, down by 0.5 of a percentage point from September, and the trend-adjusted coincident index also decreased by 1.5% to 95.3.



Note: The shaded areas represent recessions. Source: CEPD

I. CURRENT DOMESTIC SITUATION

Monitoring Indicators

⇒ Reflecting the downturn of Taiwan's economy, the monitoring indicators posted a total score of 20 in October 2011, and the overall monitoring indicator flashed the "yellow-blue" signal for the third consecutive month.

		2010				2011									
		9	10	11	12	1	2	3	4	5	6	7	8	9	10
Total	Light														
	Score	37	34	32	34	34	34	31	29	27	25	23	20	21	20
Monetary Aggregates M1B															5.3
Direct and Indirect Finance															5.6
Stock Price Index															-10.5
Industrial Production Index															2.4
Nonagricultural Employment															2.1
Customs-Cleared Exports															10.0
Imports of Machineries and Electrical Equipments															-11.5
Manufacturing Sales															3.2 _p
Sales Index of Wholesale, Retail and Food Services															-2.4

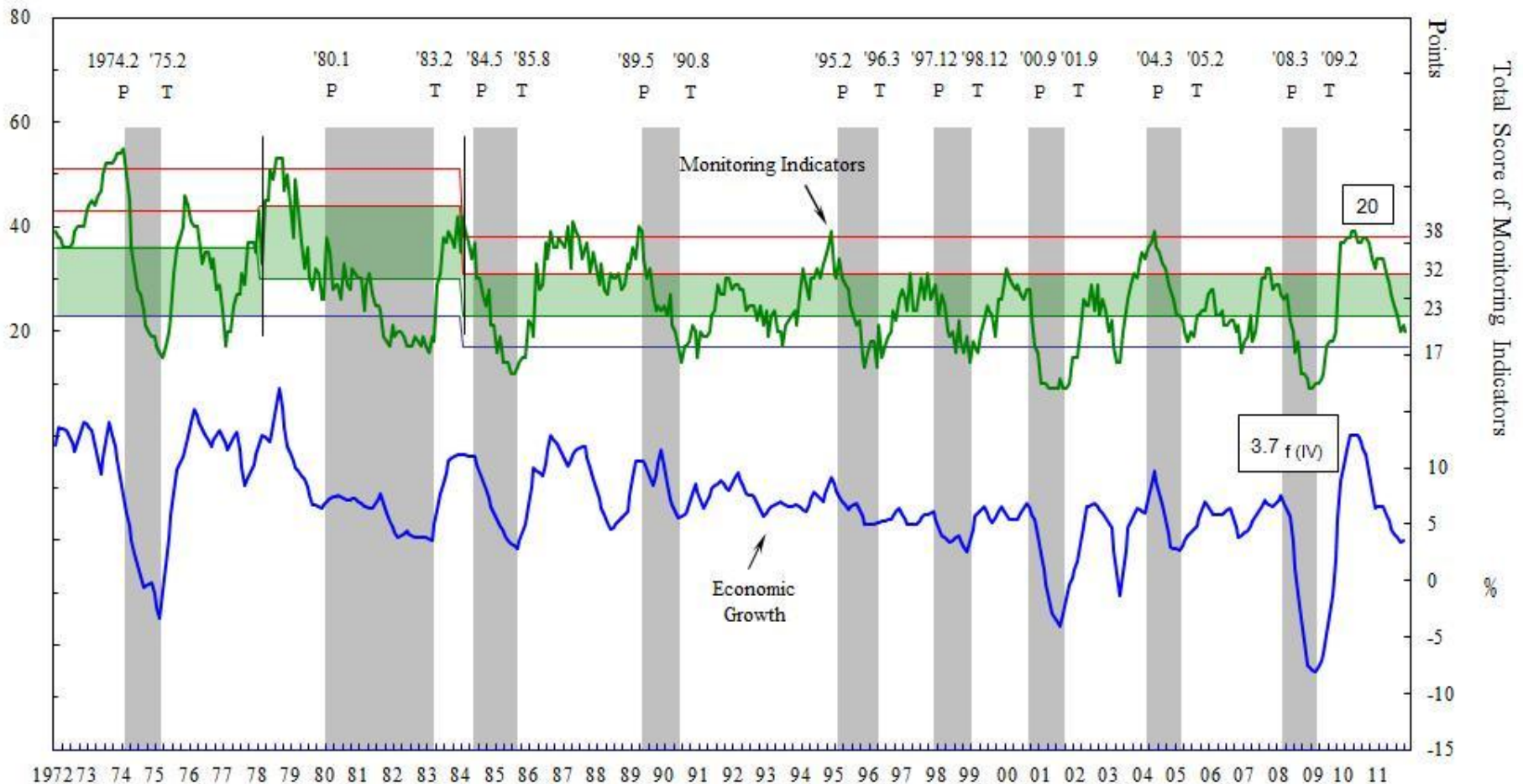
● Booming ● Transitional ● Stable ● Transitional ● Sluggish

*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).

I. CURRENT DOMESTIC SITUATION

Monitoring Indicators and Economic Growth



Note: The shaded areas represent recessions. Source: CEPD

II. PROSPECTS FOR 2011/2012

⇒ **Taiwan's economy shifting to moderate growth**

- In line with the strength of recovery in emerging economies, Taiwan's real GDP grew by 10.72% in 2010, the highest GDP growth rate since 1987.
- According to the preliminary estimate released by the DGBAS, Taiwan posted a year-on-year real GDP growth rate of 3.42% in the third quarter of 2011, and the GDP growth rate of the first half of this year was revised to 5.54%.
- Mainly due to the increasingly uncertain outlook for the global economy, the 2011 GDP growth forecast has been revised to 4.51% in the latest estimation of the DGBAS, down 0.05 of a percentage point from October's forecast of 4.56%. The 2012 GDP growth is projected at 4.19%, down 0.19 of a percentage point from October's forecast of 4.38%.
- Per capita GNP is projected to rise to US\$20,848 in 2011 and US\$21,077 in 2012.

II. PROSPECTS FOR 2011/2012

⇒ **Export growth expected to be limited**

- With the launch of innovative ICT products, the boost from the signing of the cross-strait Economic Cooperation Framework Agreement (ECFA), and upgrade of industries in mainland China, exports are projected to increase by 5.42% in 2011 and 5.93% in 2012. Nevertheless, the expansion of world trade is expected to turn down due to weak global economic growth, which may limit the export growth in Taiwan.
- Over the whole of 2011 and 2012, goods and services imports are projected to grow by 0.49% and 2.87% respectively based on rising demand induced by export and investment.

⇒ **Private consumption showing moderate growth**

- With consumer confidence and spending boosted by the improving employment situation and rising incomes generated by the economic recovery, private consumption in Taiwan grew well in the first three quarters of 2011. But as uncertainties in the economic outlook have increased, some enterprises have begun to reduce overtime work and encourage employees to take annual leave or unpaid leave, which has had a dampening impact on consumer confidence.
- Private consumption is projected to rise by 3.40% in 2011 and 2.88% in 2012.

II. PROSPECTS FOR 2011/2012

⇒ Domestic investment likely to contract

- Private investment grew 7.62% in the first half of 2011 as high-tech firms increased capital expenditure in order to meet rising export demand. But in the second half of 2011, private investment is forecast to decline by 11.99% due to the downturn in global economic growth, as high-investment industries (such as semiconductors and optoelectronics) decelerate production capacity expansion in line with the recent decline of capacity utilization. Over the whole of 2011, private investment is projected to decrease by 2.75%.
- In 2012, investment in some industries such as optoelectronics and solar energy is expected to tend toward caution. However, with rising labor costs in mainland China inducing Taiwanese firms to increase domestic investment, and with the government's "Invest in Taiwan" initiative yielding increasing effects, private investment is projected to rise by 2.57%.
- Based on the ongoing implementation of public infrastructure projects, government investment in 2011 and 2012 is expected to reach NT\$487 and NT\$427 billion respectively. But government investment will still show declines of 2.21% in 2011 and 13.96% in 2012 because the peak of major public construction programs is past.

II. PROSPECTS FOR 2011/2012

⇒ Inflation rising moderately

- Wholesale price inflation is expected to recede as flagging global economic growth puts downward pressure on international oil prices, and some raw material prices gradually decline. The WPI is forecast to rise by 4.26% for the whole of 2011, and to rise by 1.51% in 2012.
- Since inflationary pressure on domestic prices has been eased by falling international energy and raw material prices, as well as by stable climatic conditions (with minimal typhoon damage suffered this summer), and with active government price stabilization measures taking effect, the CPI is forecast to rise by just 1.37% in the whole of 2011, lower than the previous forecast of 1.51%. In 2012, the CPI is forecast to rise by 1.14%.

Forecasts for Taiwan's Economy

	Real GDP (yoy, %)		Consumer Prices (yoy, %)	
	2011 _f	2012 _f	2011 _f	2012 _f
DGBAS (2011.11)	4.51 [4.56]	4.19 [4.38]	1.37 [1.51]	1.14 [1.12]
TIER (2011.11)	4.64 [5.70]	4.22	1.69 [2.41]	1.73
CIER (2011.12)	4.40 [4.58]	4.07 [4.15]	1.37 [1.40]	1.48 [1.56]
Polaris (2011.9)	4.73 [5.20]	4.51	1.50 [2.05]	1.56
IEAS (2011.7)	5.52 [4.71]	-	2.16 [1.88]	-
Global Insight (2011.11)	4.5 [4.6]	4.1 [4.4]	1.5 [1.5]	1.3 [1.5]
EIU (2011.11)	4.4 [4.4]	3.1 [3.9]	1.5 [1.6]	1.3 [1.7]
IMF (2011.09)	5.2 [5.4]	5.0 [5.2]	1.8 [2.0]	1.8 [2.0]
ADB (2011.12)	4.6 [4.8]	4.1 [4.7]	-	-

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

TIER: Taiwan Institute of Economic Research, Taipei.

IEAS: Institute of Economics, Academia Sinica

DGBAS: Directorate-General of Budget, Accounting and Statistics, ROC (Taiwan).

Polaris: Polaris Research Institute.

[] indicates the value of previous forecasts.

III. Conclusion

- In the first half of 2011, Taiwan's real GDP grew 5.54% yoy, mainly on the back of substantial growth in exports and private consumption. Under the impact of European debt crises and the global economic slowdown in the second half of the year, Taiwan's real GDP is projected to post moderate growth of 4.51% in 2011 and 4.19% in 2012.
- In order to ease the impact of economic weakness in Europe and the US on Taiwan's economy, the government has proposed 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.

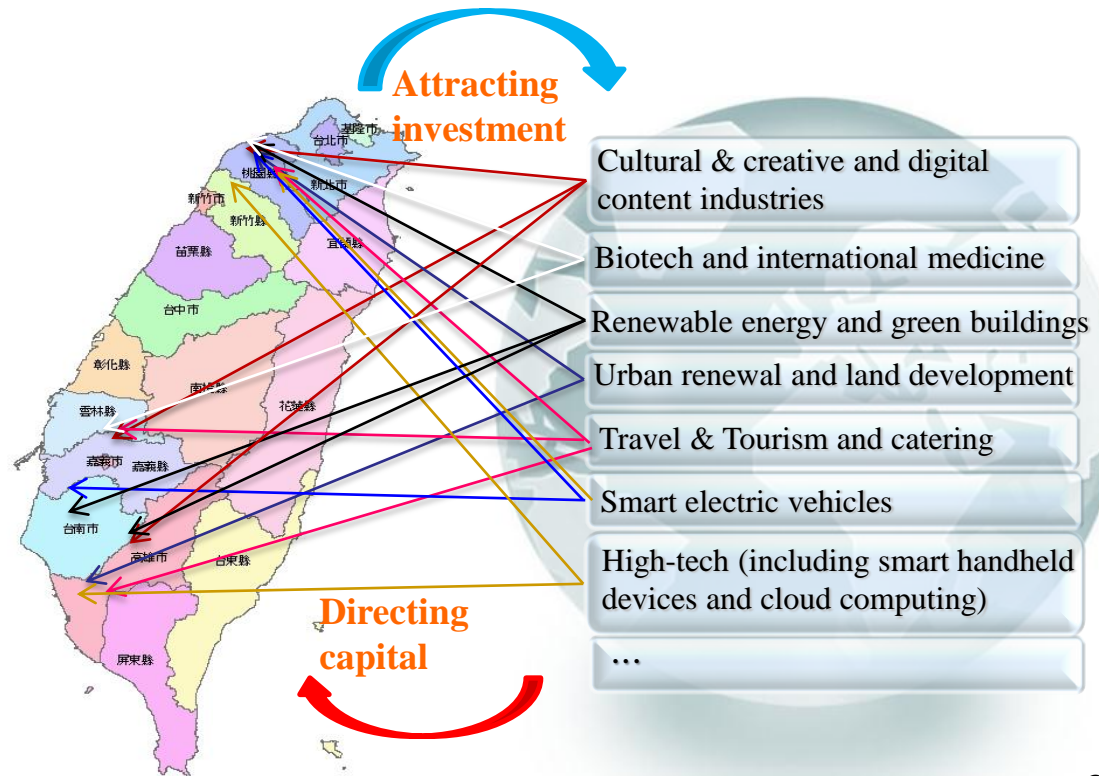
APPENDIX I

The “Invest in Taiwan” Initiative Conducted by the CEPD

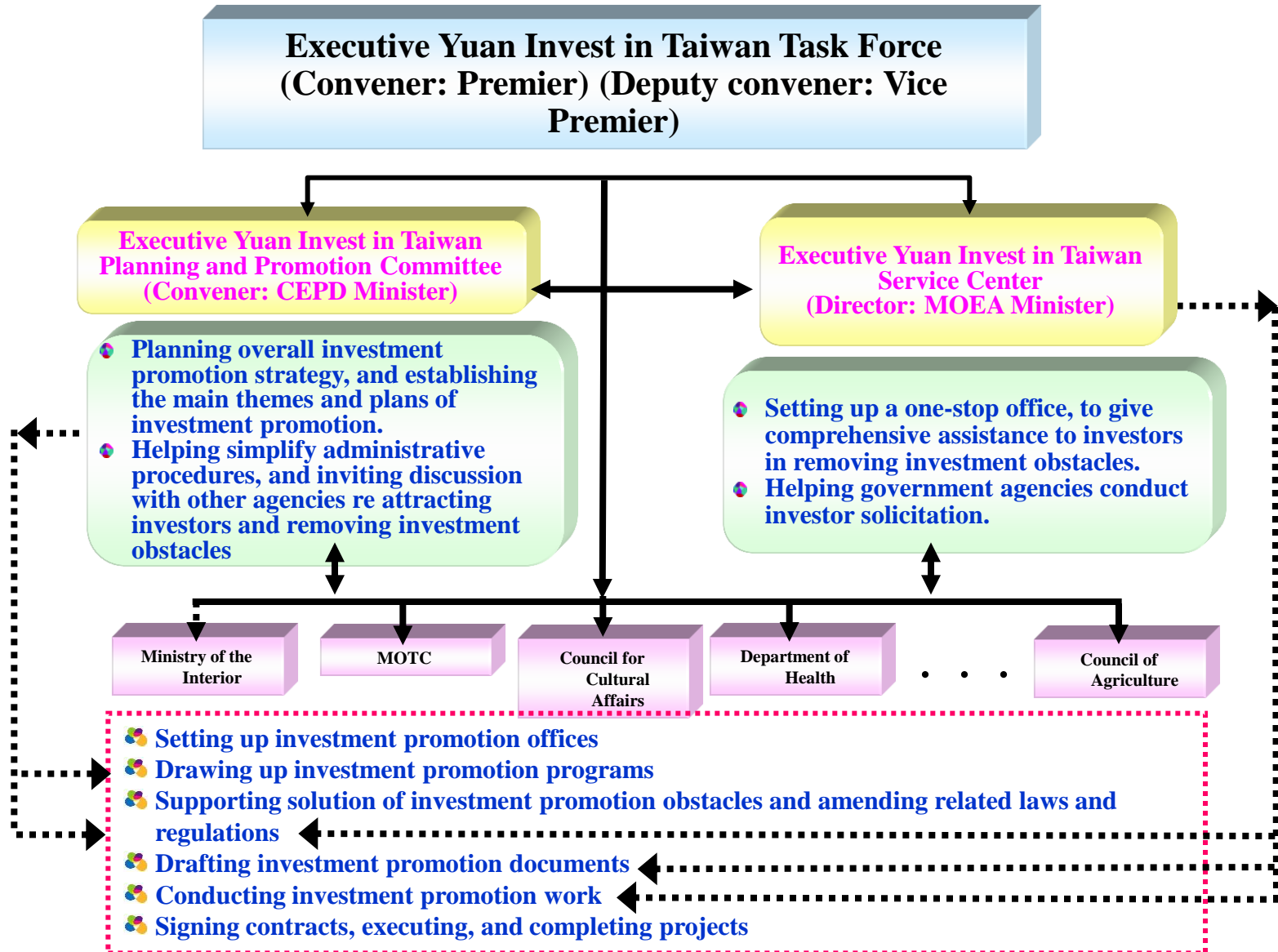
Invest in Taiwan, Industries for Homes

Locally Employed, Locally Prospering

- ❖ Conducting the “Invest in Taiwan” investment promotion drive overseas, and carrying out the “Homes for Industries, Industries for Homes” plan at home.
- ❖ Fully integrating these two plans to channel foreign and domestic capital and investment directly to localities, and bringing investment projects to every part of Taiwan.




Organizational Structure of *Invest in Taiwan*



◎ Domestic Invest in Taiwan Road Shows organized by the CEPD

- ❖ The six road shows held in Taiwan drew more than 3,000 participants, with more than 1,000 entities registering to take part.

	In Taipei	In Taichung	In Kaohsiu	In Hualien	In Taitung	For overseas Taiwanese businesses
	2010.8.23	2010.8.27	2010.8.30	2010.9.3	2010.9.7	2011.7.19
Main showcased investment areas	<ul style="list-style-type: none"> Aerotropolis, urban renewal, smart handheld devices, international medicine... Projects located in northern Taiwan were prioritized for presentation. 	<ul style="list-style-type: none"> New high-tech industrial clusters in central Taiwan, globalization of Taiwanese cuisine, renewable energy ... Projects located in central Taiwan were prioritized for presentation. 	<ul style="list-style-type: none"> Cultural & creative and digital content industries, biotech, urban renewal ... Projects located in southern Taiwan were prioritized for presentation. 	<ul style="list-style-type: none"> Innovative education, tourism, smart electric vehicles, deep sea water, cultural & creative industries, ... Projects located in eastern Taiwan were prioritized for presentation. 		<ul style="list-style-type: none"> Travel & tourism, chain & franchise catering, digital games, medicine, tourism & recreation complexes, cultural and creative industries, biotech, Kaohsiung port-city regeneration...
						

◎International Road Shows of Invest in Taiwan Organized by the CEPD



In Hong Kong
(MIPIM Asia
2010)



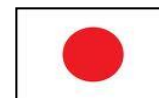
In Singapore



In India
(Mumbai, New
Delhi and
Ahmedabad)



In the USA
(New York, San
Francisco and
LA)



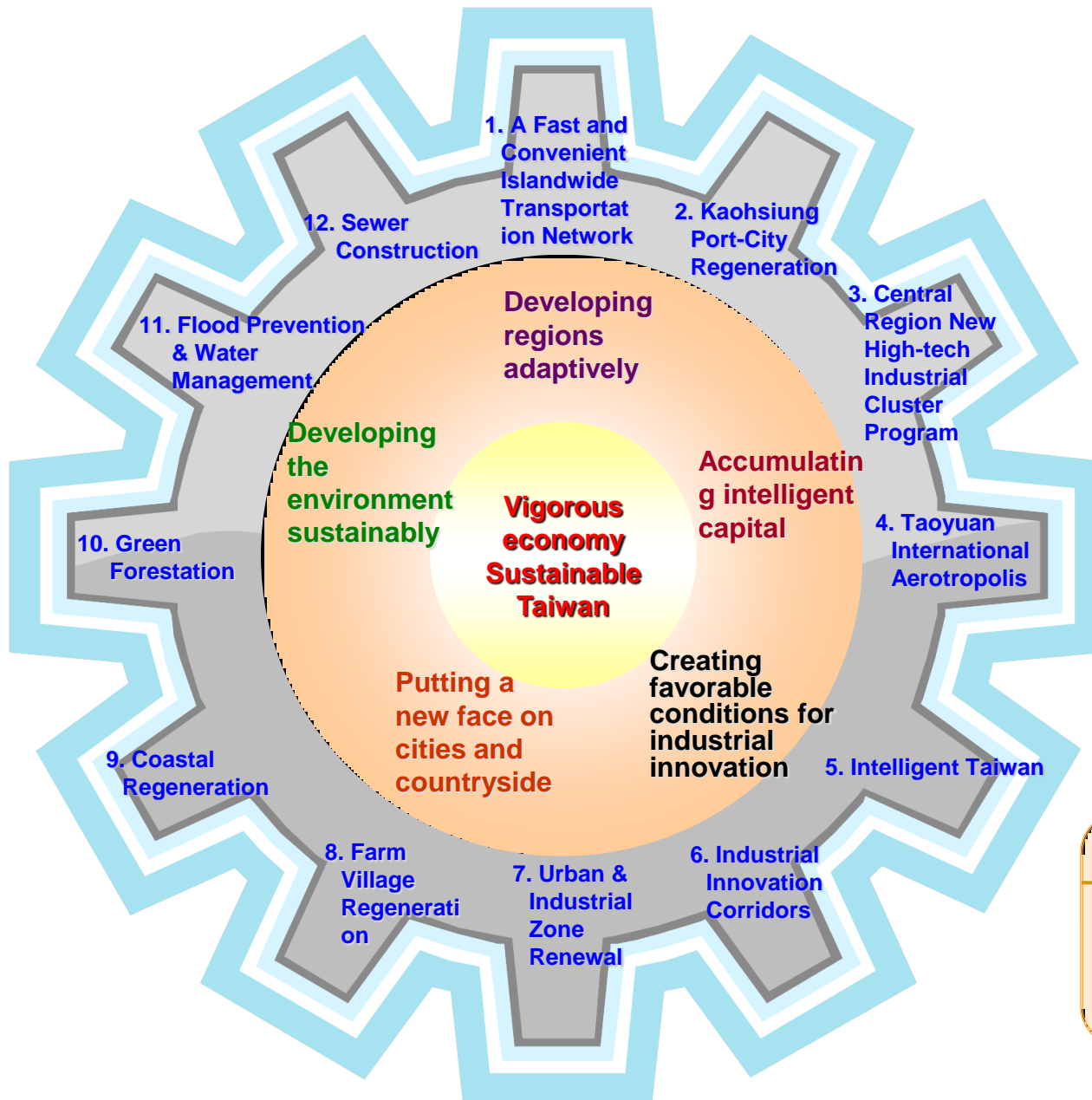
In Japan
(Tokyo and
Osaka)

Time	Nov. 2010	Nov. 2010	Feb. 2011	May 2011	Aug. 2011
Activities / Themes	Keynote speakers included CEPD Minister Dr. Christina Liu	Holding 1 Invest in Taiwan road show (500 participants)	Holding 3 Invest in Taiwan road shows (1,100 participants)	Holding 3 Invest in Taiwan road shows (1,200 participants)	Holding 2 Invest in Taiwan road shows (1,500 participants)
		Visiting more than 20 government and private entities	Visiting more than 30 government and private entities	Visiting more than 40 renowned private firms	Visiting more than 40 renowned private firms
		Biotech and international medicine	High-tech industry	High-tech industry	Biotech and international medicine
		International Aerotropolis	Cultural & creative / digital content	Cultural & creative / digital content	Cultural & creative / digital content
	Setting up a Taiwan pavilion to attract large international developers to invest in Taiwan	Digital content	Renewable energy and electric vehicles	Renewable energy and electric vehicles	Renewable energy
		Renewable energy	Biotech and international medicine	High-tech industries	High-tech industries and precision machinery
		Urban renewal and travel & tourism	Land and industrial park development	Urban renewal and hotels	Urban renewal and land development
Co-organizer	OCBC Bank	Standard Chartered Bank	Citi Group	Daiwa-Cathay Capital Markets Co., Ltd.,	

32 Public Construction Projects and Rising Industries

Investment Targets		Authorities in Charge	Investment Targets		Authorities in Charge
i-Taiwan 12 Projects	1. A Fast and Convenient Islandwide Transportation Network	MOTC	Six major rising industries	1. Biotechnology	Science & Technology Advisory Group
	2. Kaohsiung Port-City Regeneration	MOTC		2. Travel & tourism	MOTC
	3. Central Region New High-tech Industrial Cluster Program	National Science Council		3. Green energy	MOEA
	4. Taoyuan International Aerotropolis	MOTC		4. Medical care	Dept. of Health
	5. Intelligent Taiwan	Science & Technology Advisory Group		5. High-end agriculture	Council of Agriculture
	6. Industrial Innovation Corridors	MOEA		6. Cultural & creative enterprises	Council for Cultural Affairs
	7. Urban and Industrial Zone Renewal	MOI	Ten key service industries	1. Internationalization of Taiwan's cuisine	MOEA
	8. Farm Village Regeneration	Council of Agriculture		2. International medicine	Dept. of Health
	9. Coastal Regeneration	Council of Agriculture		3. Music and digital content	GIO; MOEA
	10. Green Forestation	Council of Agriculture		4. MICE industry	MOEA
	11. Flood Prevention and Water Management	MOEA; Council of Indigenous Peoples		5. International logistics	MOEA; MOTC; MOF
	12. Sewer Construction	MOI		6. Financial services	FSC
Four main emerging intelligent industries	1. Cloud computing	MOEA		7. Urban renewal	MOI
	2. Smart electric vehicles	MOEA		8. WiMAX industry	MOEA; MOTC
	3. Intelligent green buildings	MOI		9. Chinese-language e-commerce	MOEA
	4. Invention and patent commercialization	MOEA		10. Education	Ministry of Education

i-Taiwan 12 Projects



Goals

- Expanding domestic demand
- Improving investment environment
- Enhancing economic fundamentals
- Raising living quality

Expected benefits

- Promoting economic growth: increasing real GDP on average by 2.95% per year from 2009 to 2016.
- Creating job opportunities: creating on average 247,000 job opportunities each year from 2009 to 2016.

Total budget: NT\$4 trillion

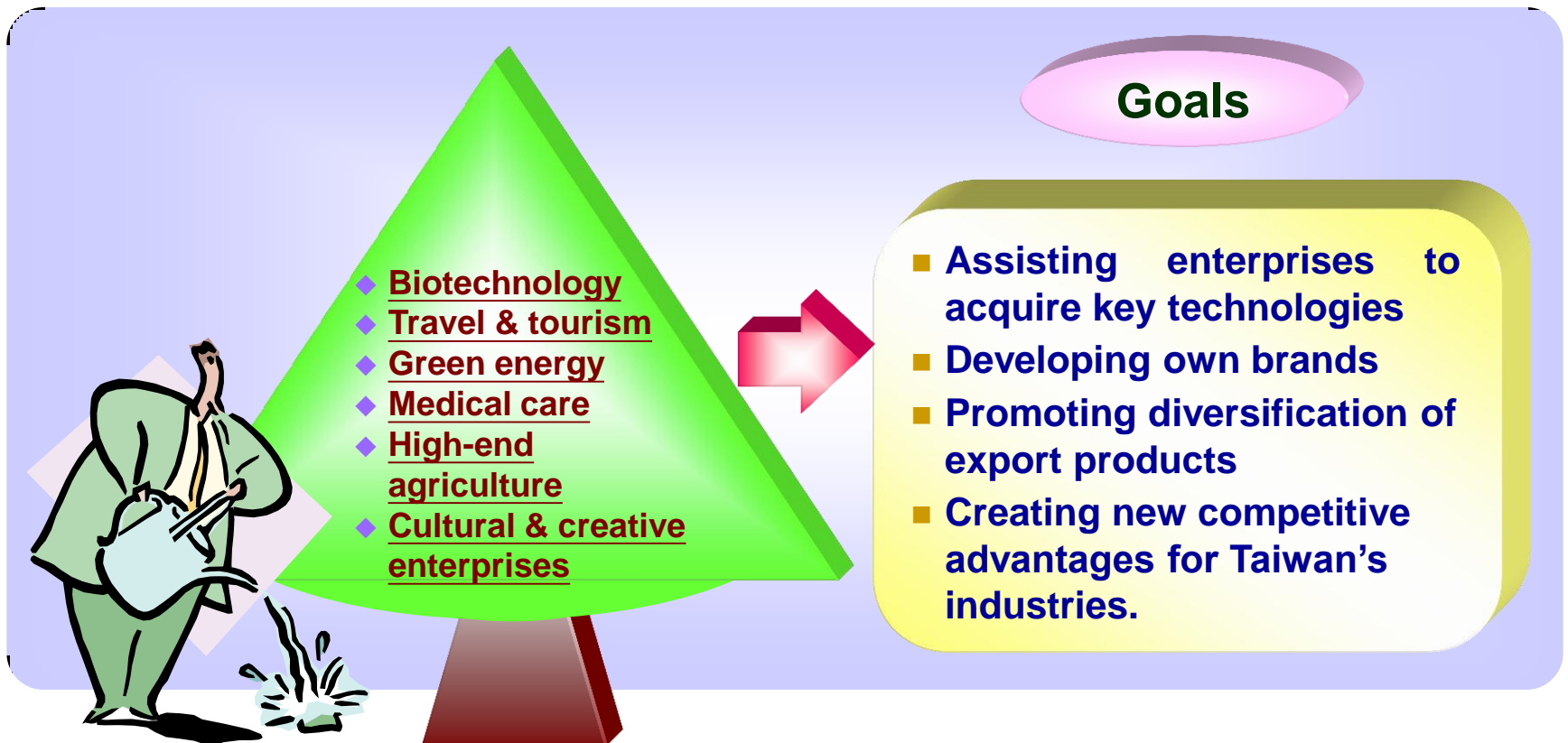
Government investment: NT\$2.74 trillion

Private investment: NT\$1.2 trillion

Others: NT\$57 billion

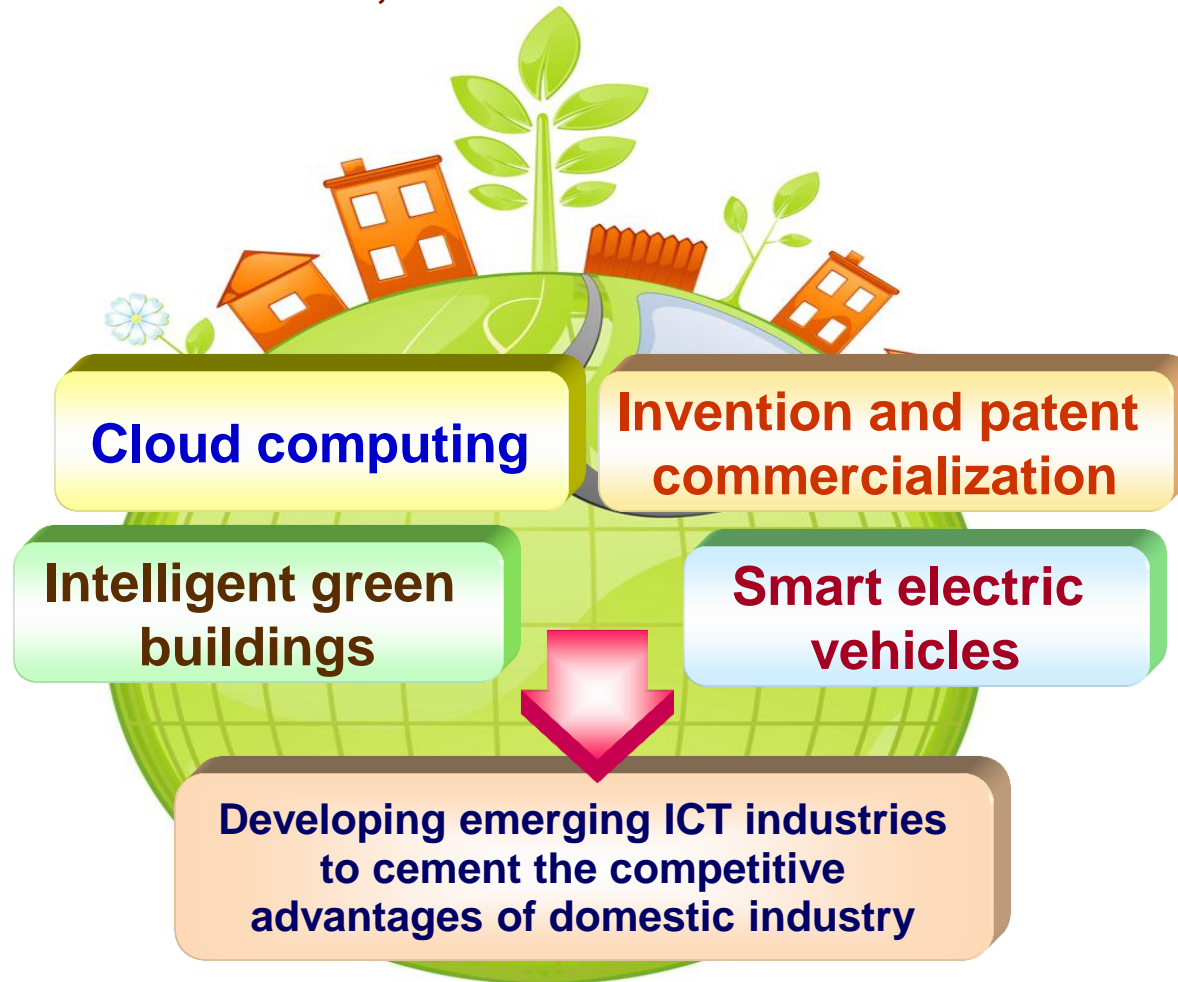
Six Major Rising Industries

- After successfully promoting the development of the semiconductor and panel display industries, the government is now focusing its attention on promoting the development of six major rising industries – biotechnology, travel & tourism, green energy, medical care, high-end agriculture, and cultural & creative enterprises – with the aim of attracting private investment, increasing job opportunities, and creating the next wave of industrial opportunity.
- Planning for the promotion of these six industries has comprehensively covered all aspects of their development needs, including human resources, markets, capital, technology, laws and regulations, timeframe, and spread of applications.



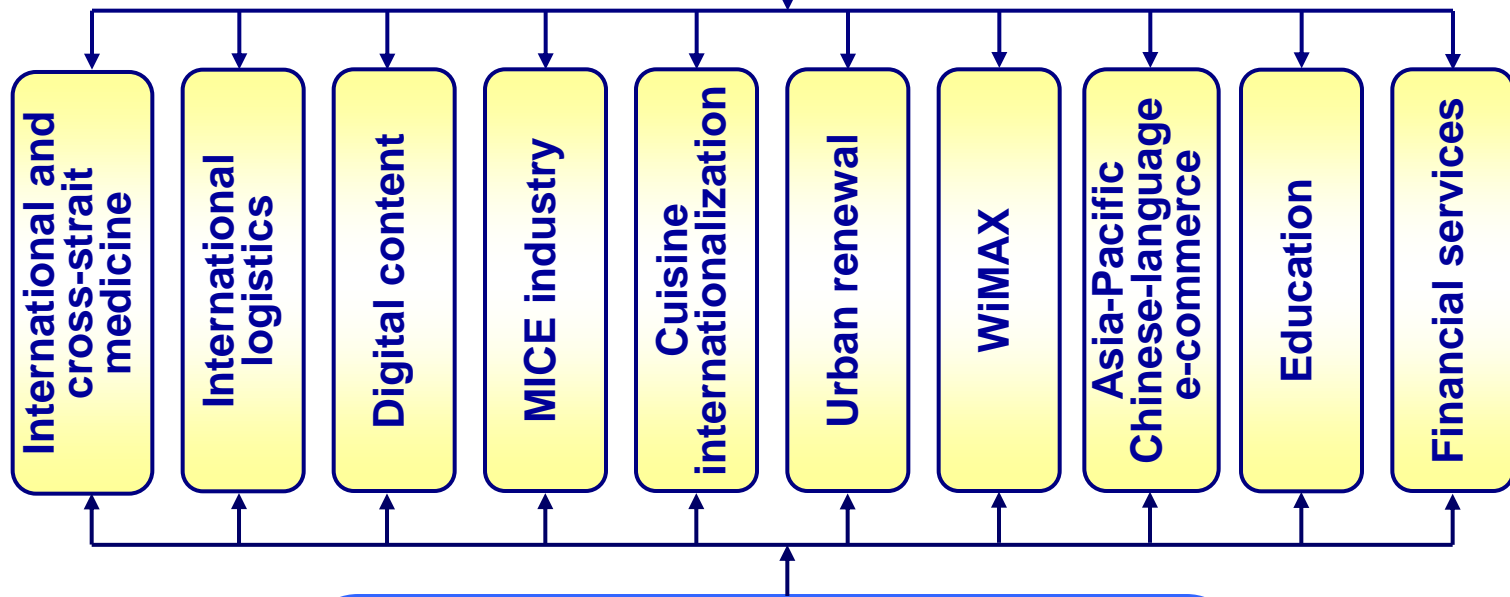
Four emerging intelligent industries

- The government will bolster strategies to promote such forward-looking emerging ICT industries as **cloud computing**, **smart electric vehicles**, **and intelligent green buildings**, and speed up the provision of support for **invention and patent commercialization**, to consolidate Taiwan's industrial base.



Ten Key Service Industries

The President's economic and financial advisory panel has recommended 10 key service industries as focal targets for future development



Future development strategies

- Strengthening the international competitiveness of service industries
- Enhancing R&D and innovation
- Creating differentiated services
- Improving human resources development





Locational Prioritization of Projects according to Regional Suitability

Ten Core
Investment
Spheres for
*Invest in
Taiwan*


Northern Taiwan

Core Investment Spheres

-  Aerotropolis, urban renewal, smart handheld devices, international medicine, etc.
-  Project locations in northern Taiwan will be accorded selection priority.

Central Taiwan

Core Investment Spheres

-  New high-tech industrial clusters, cuisine internationalization, green energy, etc.
- ✓ Project locations in central Taiwan will be accorded selection priority.



Southern Taiwan

Core Investment Spheres

-  Cultural & creative and digital content industries, biotech, urban renewal, etc.
-  Project locations in southern Taiwan will be accorded selection priority.

Eastern Taiwan

Core Investment Spheres

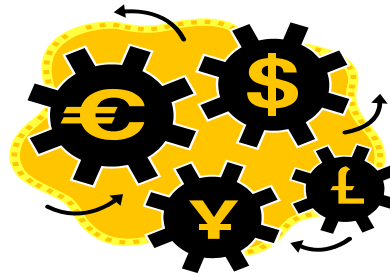
-  Innovative education, tourism, smart electric vehicles, cultural and creative industries, cuisine internationalization, etc.
-  Project locations in eastern Taiwan will be accorded selection priority.

Follow-up implementation

Implementation Principles

- Investment promotion at home and abroad should match local industrial conditions and the needs of potential investors. It should be adaptively focused and targeted at promoting the location of projects in their most suitable regions.
- Investment promotion under this plan should adhere to the service principles of providing support from specialist personnel and teams on a special basis and treating every project as a special case.
- Investment promotion offices in each government agency should take active steps to attract investment and help remove investment barriers. They should provide specialized, dedicated assistance tailored to the needs of each investment project, conveying the government's commitment to give the best possible support to local and foreign investors alike.

Dedicated personnel and teams, special processing, and every project a special case.



Home for Industries, Industries for Homes

Concept

Planning more room for Taiwan's industrial development in the next 10 years so that every industry will have its own place and every region will have its own feature industry. Investment from home and abroad will be facilitated, to create more local jobs and raise Taiwanese people's income.

Ideals

- Tailored to the unique local and industrial circumstances so that industries can have their home in appropriate locations to upgrade their competitiveness.
- Ensure that every part of Taiwan has its own industries so that both physical and non-physical construction can complement investment to help the industries take root.
- Jobs will be increased in every region, and income will also be improved. Everyone can share the benefits of industrial development

Home for Industries, Industries for Homes

Promotion Strategy

- Planning the spatial development of Taiwan's industrial development for the next 10 years so that every industry can have its own home, and every region will have its own feature industry to form a region-based brand.
- Working in concert with both domestic and international business recruitment to funnel investment directly to the appropriate regions.
- Adjusting public investment in physical and non-physical infrastructure in alignment with industrial development distribution, to complement private sector investment and business recruitment.

Home for Industries, Industries for Homes

◎ *Implementation*

First-Stage Symposiums (Jan.~Feb. 2011)

10 symposiums were held during Jan. 24~Feb. 18 this year (2011). Various government agencies introduced the developmental advantages of emerging industries. Each county and city could then assess its situation from a local perspective to identify suitable home industries and requisite supporting measure (such as infrastructure, manpower training, etc.)

Second-Stage Symposiums (May 2011~)

Based on the results of the first-stage symposiums, the second stage will revolve around establishing home locations for industries. Scheduled to take place from May to August 2011, it will consist of a series of symposiums held around Taiwan. It will involve exploration of the most suitable industries for each region and directions for attendant improvement of local infrastructure. Through collaboration between central and local governments, we hope to create regional industries that are globally competitive.

Home for Industries, Industries for Homes

◎ *Results from the First Stage Symposiums*

After the initial exchange of views among the central government agencies, local governments, academics, and experts, the central government's ideal of axial industries as well as the appropriate matching between industries and regions are now better understood. 22 counties and cities have submitted their target industries and suggestions.

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				
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	-2.35	-0.93	0.83	-12.36	-15.58	-1.98	1.18	--	--	0.87	-3.71
2009r	-1.81	-3.71	0.76	4.01	-11.25	-18.15	2.14	15.94	--	--	-8.68	-13.10
2010r	10.72	9.78	3.67	0.58	23.99	33.84	8.00	-3.10	--	--	25.56	28.23
2011f	4.51	0.91	3.40	1.17	-3.35	-2.75	-11.25	-2.21	--	--	5.42	0.49
Q1r	6.62	3.47	4.61	0.62	7.74	10.55	-15.97	0.69	--	--	11.20	7.55
Q2r	4.52	2.18	3.04	0.85	1.41	4.76	-15.01	-5.38	--	--	4.94	1.78
Q3p	3.42	-0.52	3.14	2.43	-10.66	-11.90	-3.14	-7.11	--	--	2.09	-3.92
Q4r	3.69	-1.22	2.83	0.72	-9.25	-12.10	-11.10	2.65	--	--	4.20	-2.70
2012f	4.19	1.68	2.88	0.17	0.18	2.57	5.99	-13.96	--	--	5.93	2.87
Q1f	2.67	-0.71	2.88	1.56	-9.03	-9.56	7.20	-11.65	--	--	3.81	-0.68
Q2f	3.64	0.96	2.54	0.41	1.30	4.11	5.84	-14.71	--	--	5.37	2.14
Q3f	4.99	3.16	2.90	-0.92	6.16	8.98	7.98	-9.01	--	--	6.94	4.87
Q4f	5.31	3.20	3.19	-0.14	1.98	7.83	4.47	-18.19	--	--	7.42	5.14

P = preliminary; f = forecast; r = revised. Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), Nov. 2011

STATISTICAL ANNEX TABLES

II. Contributions to GDP Growth (in percentage points)

	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				
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	-2.11	-0.53	0.10	-2.61	-2.62	-0.03	0.03	0.94	2.84	0.61	-2.23
2009 _r	-1.81	-3.24	0.43	0.46	-2.07	-2.56	0.03	0.45	-2.05	1.42	-6.11	-7.53
2010 _r	10.72	8.35	2.11	0.07	3.99	3.97	0.12	-0.10	2.17	2.37	16.73	14.36
2011 _f	4.51	0.77	1.83	0.13	-0.62	-0.39	-0.17	-0.07	-0.57	3.74	4.02	0.29
Q1 _r	6.62	3.01	2.63	0.07	1.35	1.49	-0.16	0.02	-1.03	3.60	8.04	4.44
Q2 _r	4.52	1.83	1.62	0.09	0.26	0.66	-0.23	-0.17	-0.14	2.69	3.76	1.07
Q3 _p	3.42	-0.44	1.68	0.27	-2.09	-1.85	-0.04	-0.21	-0.30	3.86	1.55	-2.31
Q4 _r	3.69	-1.02	1.47	0.09	-1.76	-1.61	-0.24	0.09	-0.82	4.70	3.14	-1.57
2012 _f	4.19	1.37	1.54	0.02	0.03	0.34	0.08	-0.38	-0.21	2.82	4.44	1.62
Q1 _f	2.67	-0.60	1.62	0.16	-1.59	-1.41	0.06	-0.24	-0.78	3.26	2.85	-0.41
Q2 _f	3.64	0.79	1.34	0.04	0.23	0.57	0.07	-0.41	-0.82	2.85	4.11	1.25
Q3 _f	4.99	2.58	1.54	-0.10	1.04	1.19	0.09	-0.23	0.09	2.41	5.08	2.67
Q4 _f	5.31	2.53	1.65	-0.02	0.33	0.88	0.08	-0.64	0.58	2.78	5.57	2.79

P = preliminary; f = forecast; r = revised. Source: Directorate-General of Budget, Accounting, and Statistics (DGBAS), Nov. 2011

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.