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Premier advocates ‘cautious but not fearful’ approach in response to trade war shocks

Premier Lai Ching-te on Tuesday said Taiwan will adopt a cautious but not fearful approach in response to the trade war between the U.S. and China. In addition to keeping a keen eye on how developments will affect Taiwan’s overall economy and individual industries, the government will assist local businesses and industries in avoiding possible repercussions and seeking new opportunities and directions that may emerge with a changing world trade order.

Speaking at the 14th interministerial meeting on accelerating investment in Taiwan, the premier said Taiwan’s economy and financial sector are performing well, according to a central bank analysis of the overall economy. Foreign exchange rates have held steady while local bourses are proving relatively resistant to downturn. Export values hit a new high, and the economy continues to grow at a faster-than-expected clip.

The premier has already designated the potential impact of the U.S.-China trade war on Taiwan’s industries as a main topic for future interministerial investment meetings, he said. The topic will be addressed collectively by government agencies whenever necessary.

As the trade war continues, returning to the fundamentals is the most important for Taiwan, the premier said, adding that ongoing initiatives developed by President Tsai Ing-wen and the Executive Yuan are moving in the right direction. These include the president’s three new strategies for the economy—the Forward-looking Infrastructure Development Program, the “five plus two” innovative industries plan, and the New Southbound Policy—as well as efforts being promoted by the Executive Yuan’s interministerial investment meetings,

including encouraging higher wages, lowering taxes, loosening rules and regulations, calling for more investment in Taiwan, removing obstacles to investment, and resolving the five major shortages currently confronting industry.

To bring back investment dollars from Taiwanese businesses abroad, as well as encourage additional investment from companies at home, the government will continue the push to deregulate, actively assist businesses in removing barriers to investment, and prepare Taiwan's bid for membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Premier Lai said.

The meeting also featured a presentation by the Ministry of Economic Affairs on the results of efforts to resolve Taiwan's water shortages. Premier Lai instructed the ministry to use big data analytics to track water use by businesses, in order to improve water usage efficiency among heavy users and promote the upgrade of industry.