

January 7, 2019

**Premier Lai: Actively expand domestic demand, drive the economy steadily forward**

As the trade conflict between the U.S. and China, together with other global economic changes, domestic demand is set to become a key factor in achieving stable domestic economic growth. After Premier Lai Ching-te chaired the 27th Inter-ministerial Meeting on Boosting Investment in Taiwan today (January 7th) at which the National Development Council (NDC) presented a report on “Strategy for Stimulating Domestic Demand amid Expected Shifts in the Overall Economy in 2019,” he said the government’s aim is to increase the momentum of domestic demand and drive the economy forward steadily by stimulating domestic consumption and investment.

To encourage consumption, the government will optimize the tax system to alleviate people’s burdens, raise disposable incomes and boost the spending power of citizens. In addition, efforts will also be made to revitalize the domestic economy through measures such as actively promoting travels within Taiwan, holding large-scale events, encouraging the purchase of energy conserving and low carbon products and using tax incentives to encourage consumption.

As for investment, the Ministry of the Interior will promote urban renewal, the reconstruction of old and dangerous housing, and accelerate the building of public housing; the Ministry of Economic Affairs (MOEA) and the Financial Supervisory Commission will enhance financial support for small and medium sized enterprises; the MOEA and

the Ministry of Finance will draft amendments to the Business Mergers and Acquisitions Act to promote industrial innovation, the NDC will continue to optimize the startup investment environment; and the MOEA, Ministry of Labor, NDC and other agencies will continue to actively promote the return of overseas Taiwanese businesses to Taiwan, and implement other measures to spur private sector investment.

In addition, public infrastructure investment is an important means to stimulate the current economy and nurture future growth potential. In 2019, the overall scale of public infrastructure projects worth NT\$392.7 billion, or 7.7% higher than in 2018. In terms of the Forward-Looking Infrastructure Development Program, NT\$104.7 billion has been allocated this year; the main projects include the Taiwan Railways Administration upgrading and improving services in eastern Taiwan, water and development, speeding up the establishment of Smart Green Energy Science City, building a next-generation scientific research and smart learning environment, and developing local industrial parks.

As for state-owned enterprise investment, the budget for this year is NT\$221.64 billion, or 17.9% higher than in 2018, including power supply development and electricity expansion, petroleum refining and natural gas capacity expansion and the expansion of water supply facilities etc. This investment will help drive economic growth, boost private investment and also improve the quality of people's lives.

After listening to the report, Premier Lai first thanked the NDC for collecting and arranging the proposals to boost domestic demand from various agencies; he then pointed out that the global economic situation this year is more challenging than before and could impact domestic economic growth. He instructed government agencies should respond positively and make every effort to implement public sector investments the government can control, to increase the infrastructure implementation

rate and thereby stimulate the economy.

Premier Lai instructed each agency to again review programs to expand domestic demand, where necessary supplement or amend their content, and pass them to the NDC, where they will report to the Cabinet this Thursday (January 10). In addition to seeking to increase economic growth, all demand expansion measures should also pay attention to implementing the UN Sustainable Development Goals, increasing energy efficiency and reducing the gap between rich and poor, so that people can feel firsthand the concerted efforts of the government to promote economic growth.