

Taiwan's Trade and Investment Scenario and FTA Strategy

**Seminar on “The Current status and Future Prospects of
India-Taiwan Relations”
ICRIER, India**

**Kristy Hsu
Chung Hua Institution for Economic Research, Taiwan**



Presentation Outline

- Taiwan's Trade Scenario
- Taiwan's Investment Scenario
- Recent Efforts to promote "Invest in Taiwan"
- Taiwan's Strategy of Integrating into the world and the regional economy

Jan 17 2011



A Quick Glance

- Taiwan is an export-oriented economy; trade contribution to economic growth has accounted for around 60-70% in recent years
- Milestones in trade performance: in 2004, total trade value exceeded US\$300 billion; in 2006 exceeded US\$400 billion; in 2010 exceeded US\$500 billion.
- Ranked by WTO as the 17th exporter and 18th importer in merchandise trade, and 27th exporter and 29th importer in commercial services trade in the world
- Faced with challenges such as accelerated regional integration, increasing dependence on Chinese market, etc.

Jan 17 2011

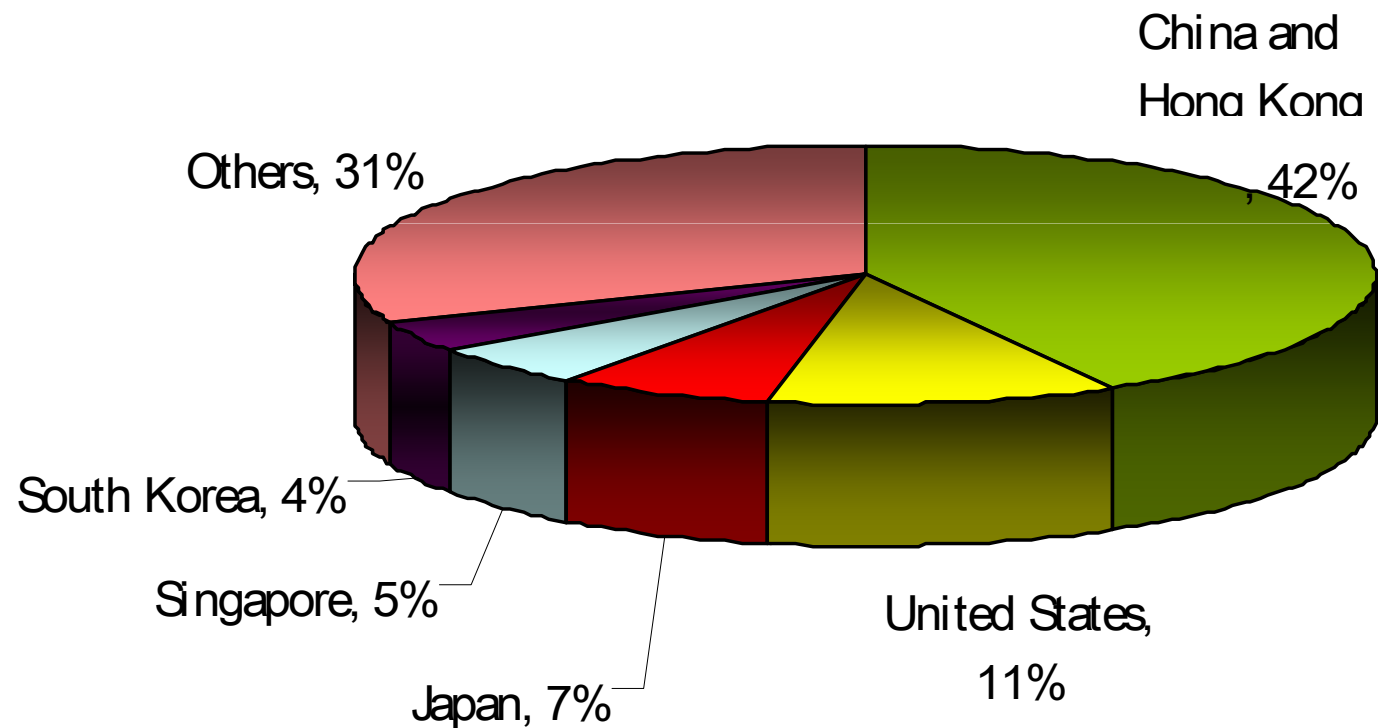


Taiwan's Foreign Trade Performance (2003~2010)

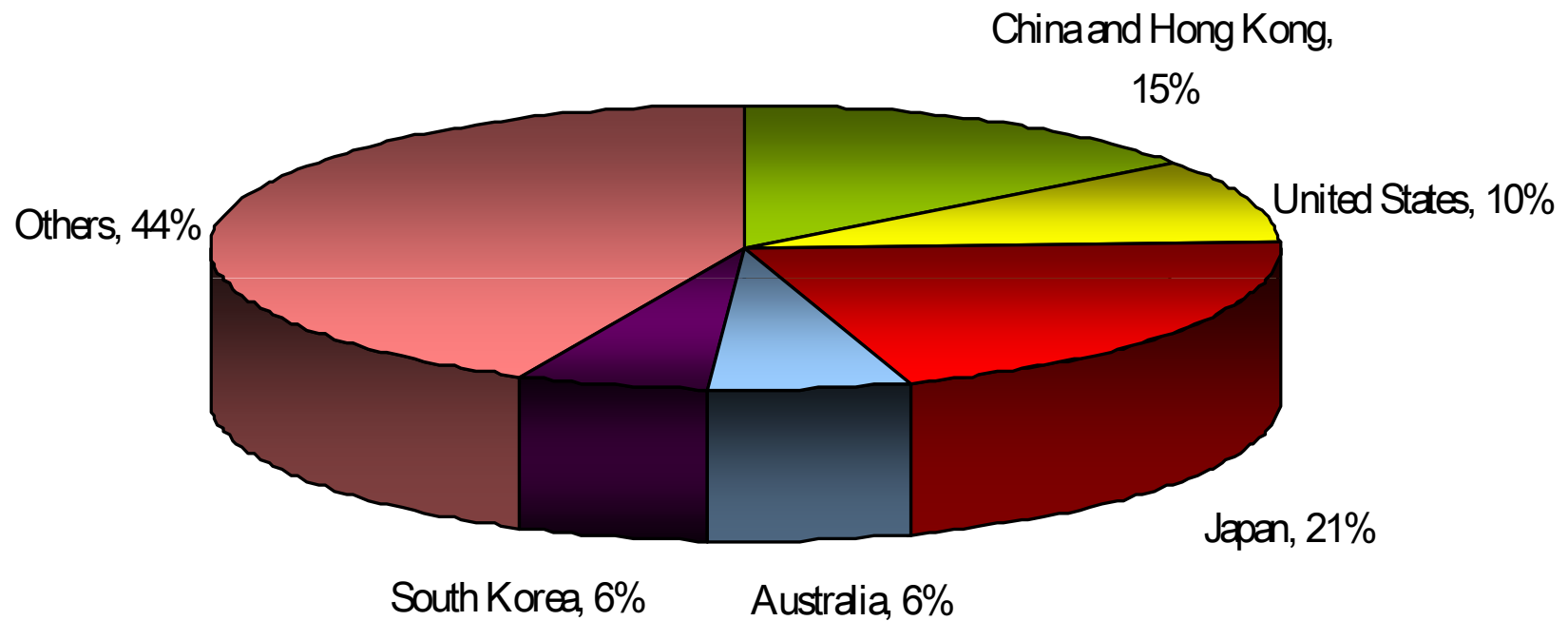
Unit: US\$ billion

Year	Total trade		Export		Import		Surplus (+) Deficit (-)	
	Amount	Growth Rate	Amount	Growth Rate	Amount	Growth Rate	Amount	Growth Rate
2003	278.6	12.1	150.6	11.3	128.0	13	22.6	2.3
2004	351.1	26	182.4	21.1	168.8	31.8	13.6	-39.7
2005	381.0	8.5	198.4	8.8	182.6	8.2	15.8	16.2
2006	426.7	12	224.0	12.9	202.7	11	21.3	34.8
2007	465.9	9.2	246.7	10.1	219.3	8.2	27.4	28.6
2008	496.4	6.5	255.6	3.6	240.8	9.8	14.9	-45.8
2009	378.0	-23.8	203.7	-20.3	174.4	-27.5	29.3	93.0
2010	526.0	39.1	274.6	34.8	251.4	44.2	23.3	-20.7

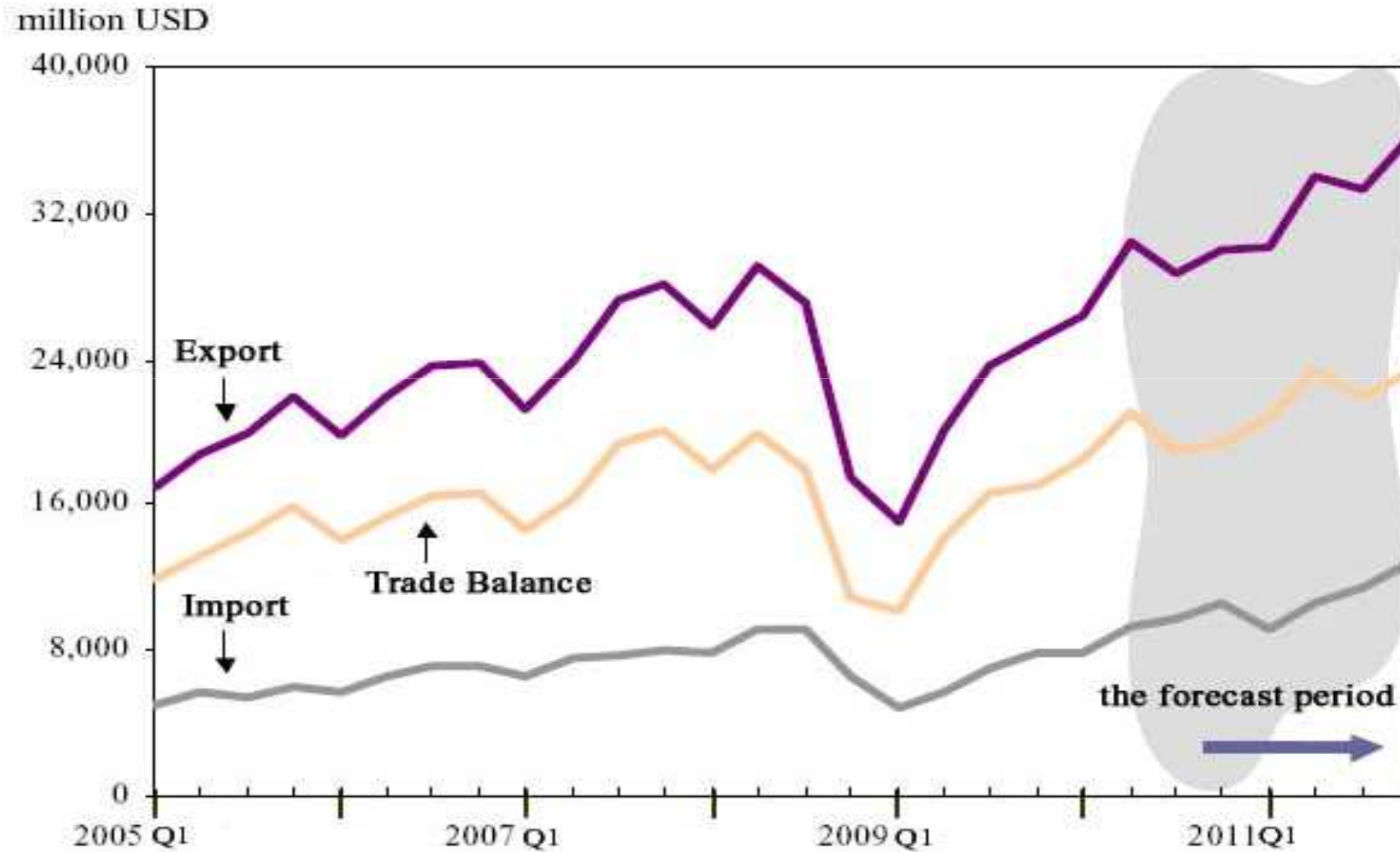
2010 Taiwan' Export by Destinations



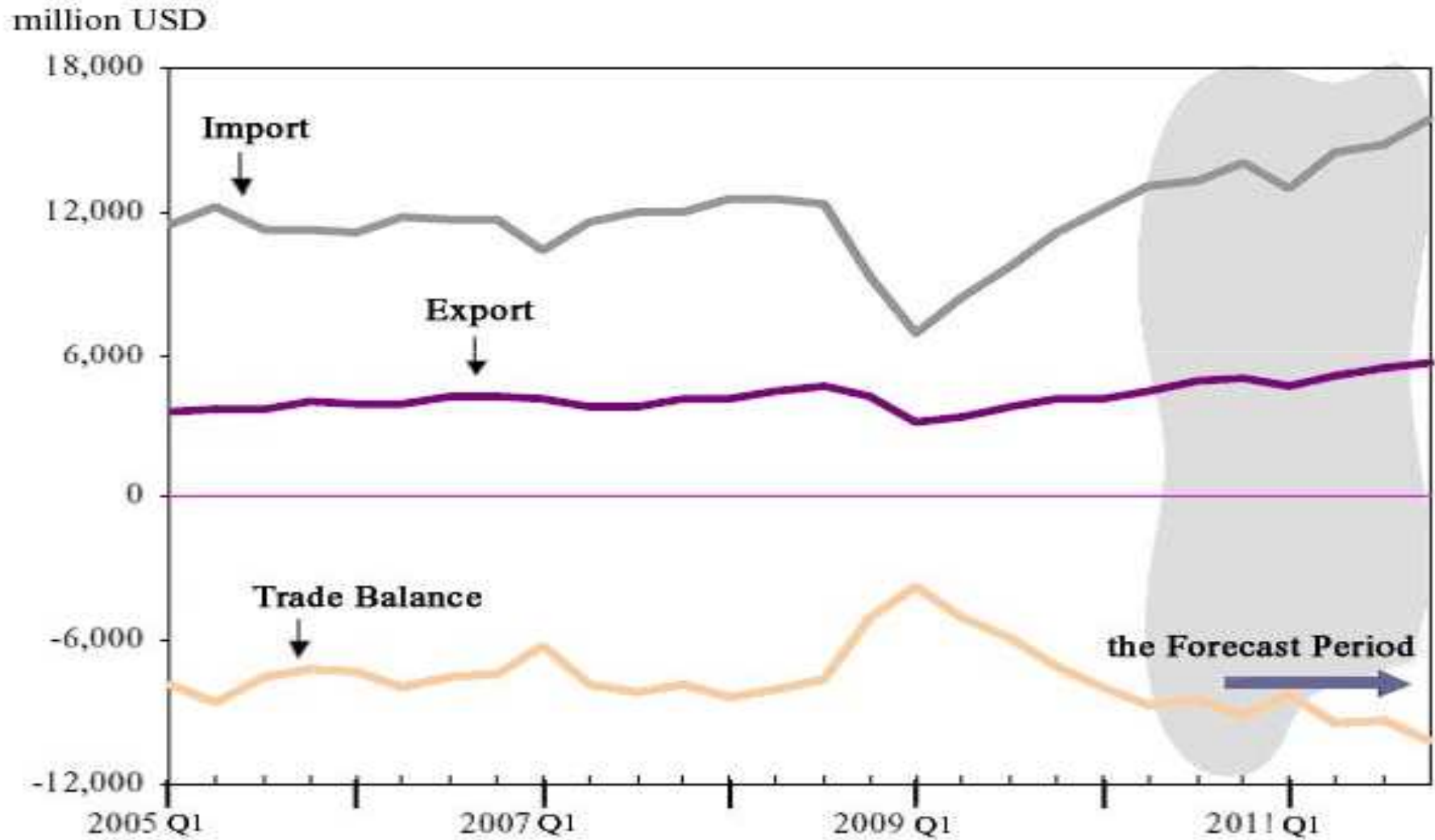
2010 Taiwan' Import by Source Countries



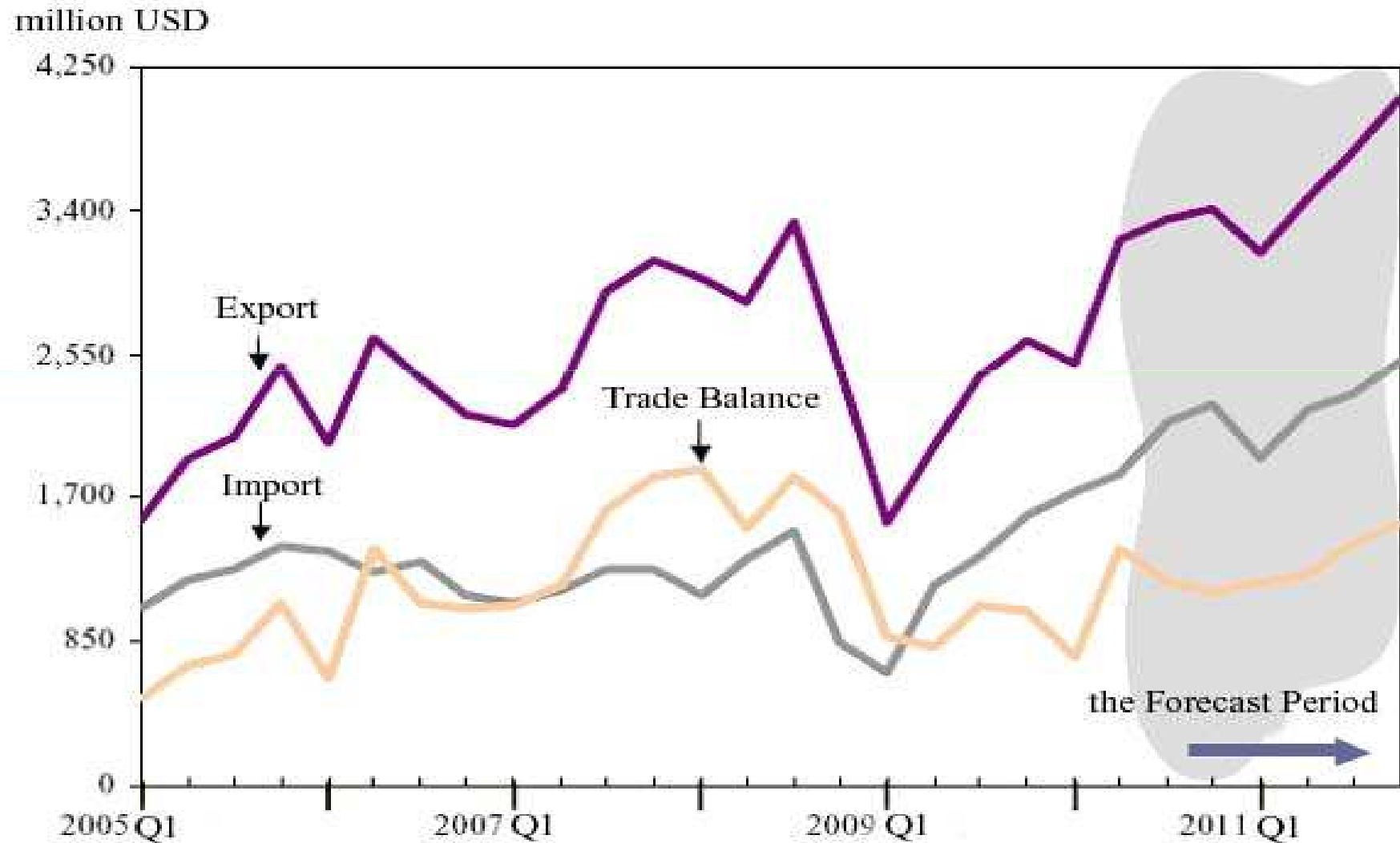
Export to China & Hong Kong (2005~2011)



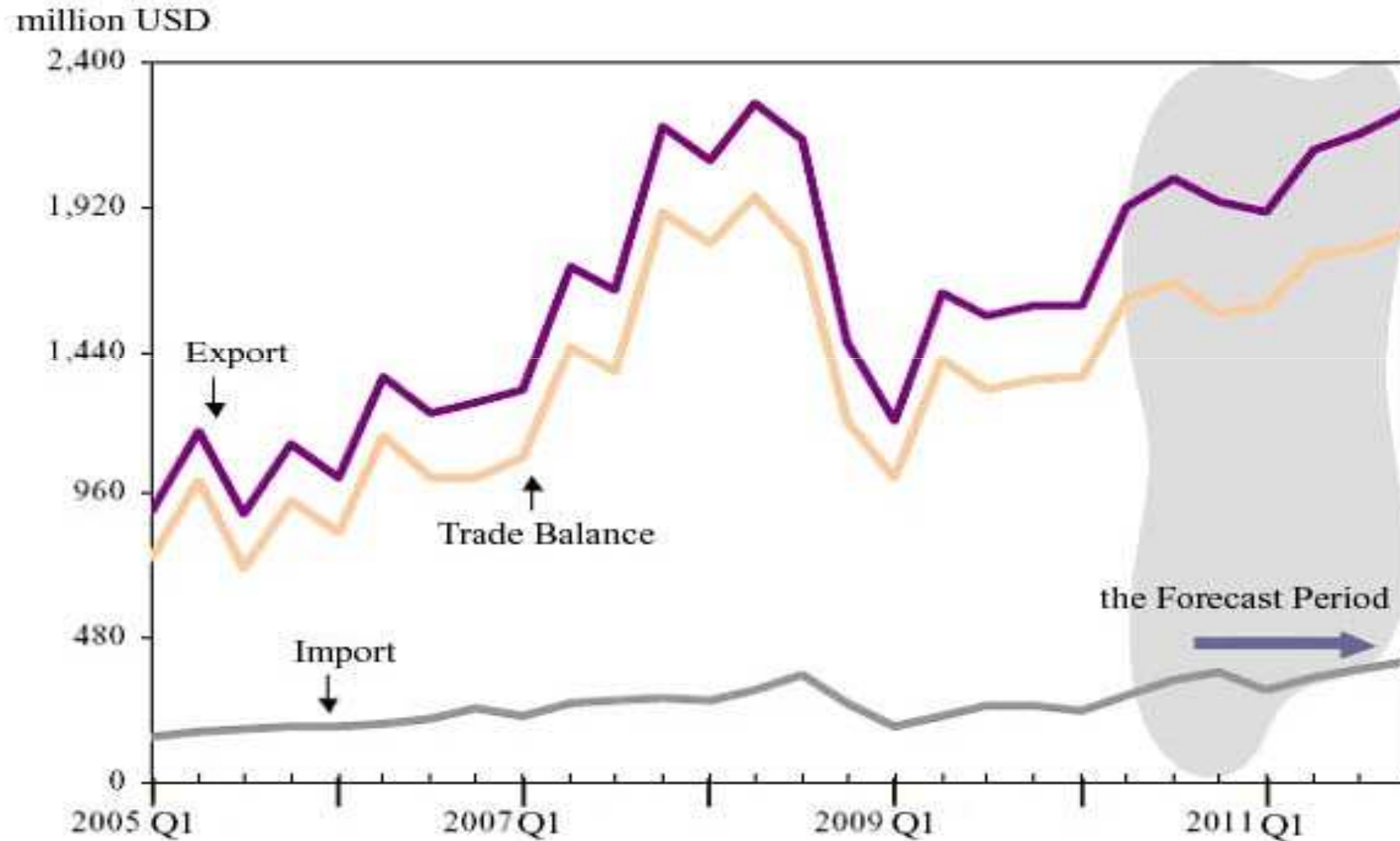
Export to Japan (2005~2011)



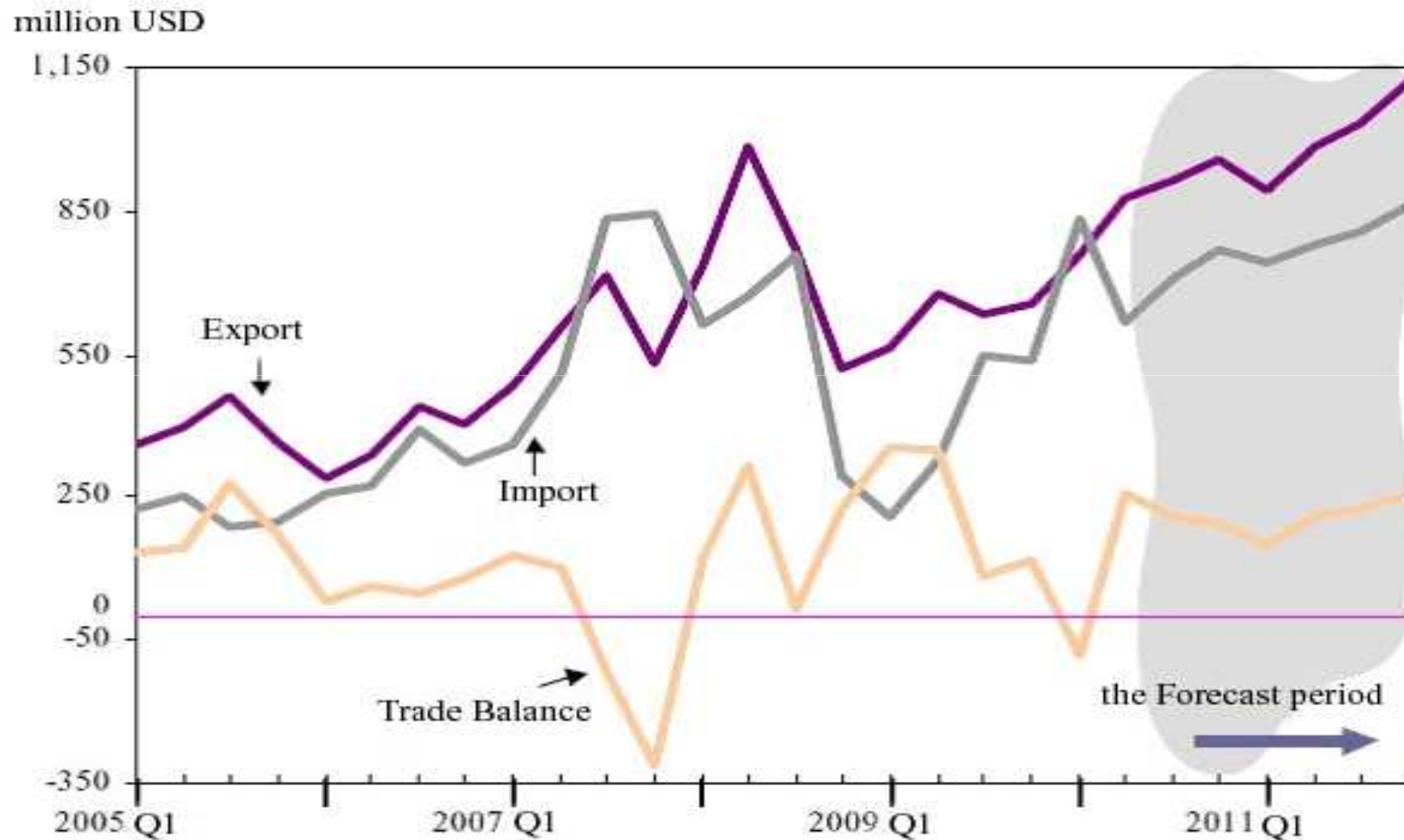
Export to Singapore (2005~2011)



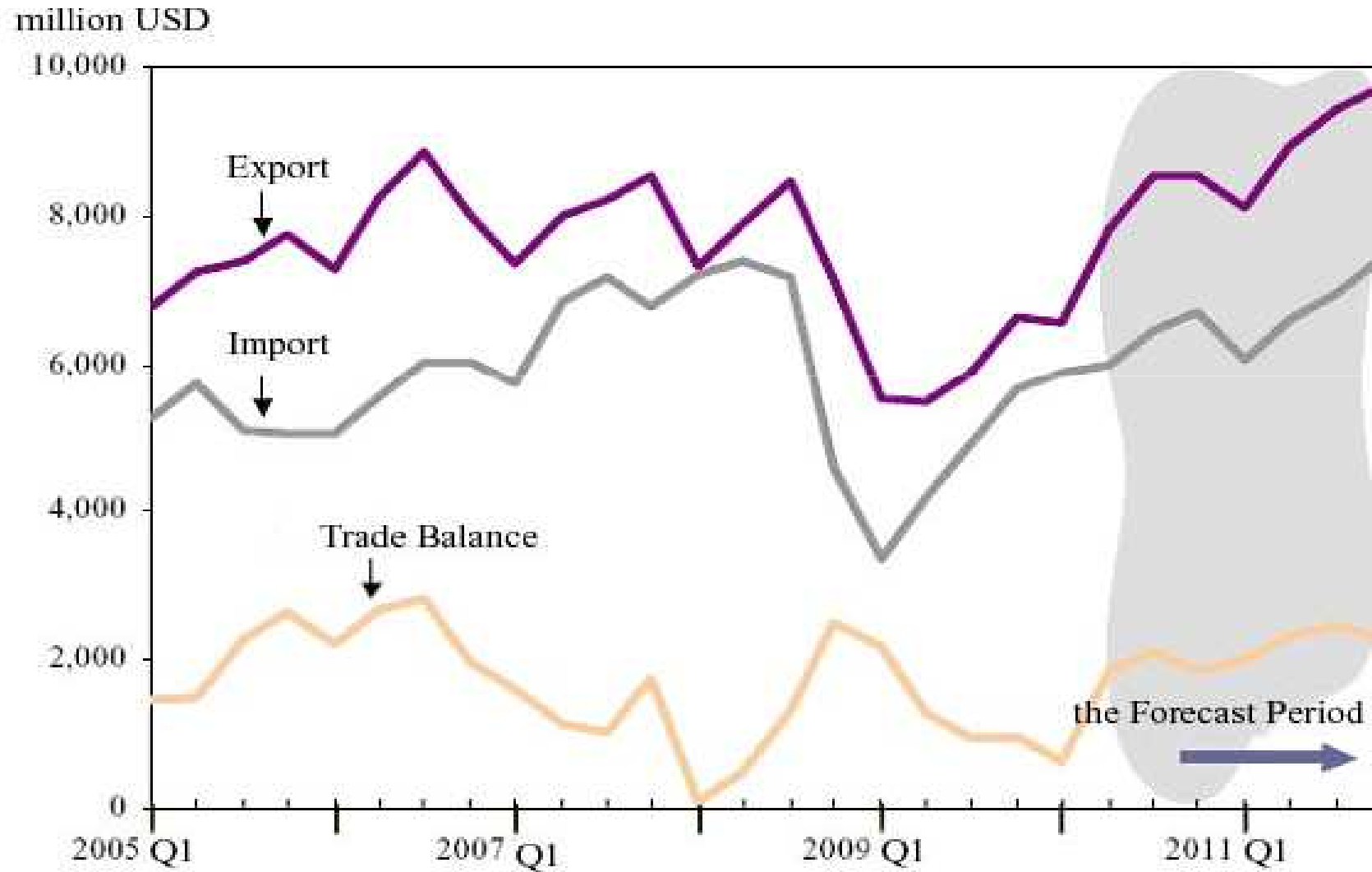
Export to Vietnam (2005~2011)



Export to India (2005~2011)



Export to USA (2005~2011)



Taiwan's Major Export Products

Unit: US\$ Billion; %

Product	2010 Nov.		2009 Nov.		Comparative Increase/Decrease	
	Amount	%	Amount	%	Amount	%
Total Exports	24.4	100.0	20.0	100.0	4.4	21.8
Electronic Products	6.8	27.7	5.8	29.0	1.0	16.4
Iron, Steel and Articles Thereof	15.0	6.0	1.2	5.7	0.3	27.6
Optical, Photographic, Measuring and Medical Instrument	1.7	7.1	1.8	8.7	0.0	-0.3
Machinery	1.6	6.4	1.0	5.0	0.6	55.8
Chemicals	1.4	5.5	1.0	4.9	0.4	37.2
IT&Com Products	1.7	6.9	1.1	5.3	0.6	58.0
Other Metal Products	0.8	3.3	0.7	3.3	0.2	23.0
Electrical Machinery Products	0.9	3.6	0.9	4.6	-0.1	-5.7
Yarn	0.8	3.2	0.6	3.1	0.2	24.4
Transportation Equipments	0.8	3.2	0.6	3.0	0.2	26.5
Others	6.6	27.0	5.5	27.2	1.1	21.0

Taiwan Major Import Products

Unit: US\$ Billion ; %

Product	2010 Nov.		2009 Nov.		Comparative Increase/Decrease	
	Amount	%	Amount	%	Amount	%
Total Imports	240.0	100.0	17.9	100.0	6.1	33.8
Electronic Products	3.7	15.3	3.4	19.0	0.3	7.7
Machinery	2.6	10.8	1.8	9.8	0.8	47.0
Crude Oil	2.4	10.1	1.4	7.7	1.0	75.4
Other Metal Products	1.1	4.5	0.9	5.2	0.2	17.0
Iron, Steel and Articles Thereof	1.1	4.6	0.9	4.9	0.2	23.8
Organic Chemicals	1.0	4.2	0.8	4.5	0.2	22.4
Optical, Photographic, Medical Instrument	0.7	2.8	0.6	3.2	0.1	16.5
Electrical Machinery Products	0.7	2.8	0.5	2.7	0.2	37.9
Transportation Equipments	1.0	4.0	0.5	2.6	0.5	104.1
IT&Communication Products	0.6	2.6	0.5	2.6	0.2	33.2
Others	9.2	38.5	6.8	37.8	2.5	42.7

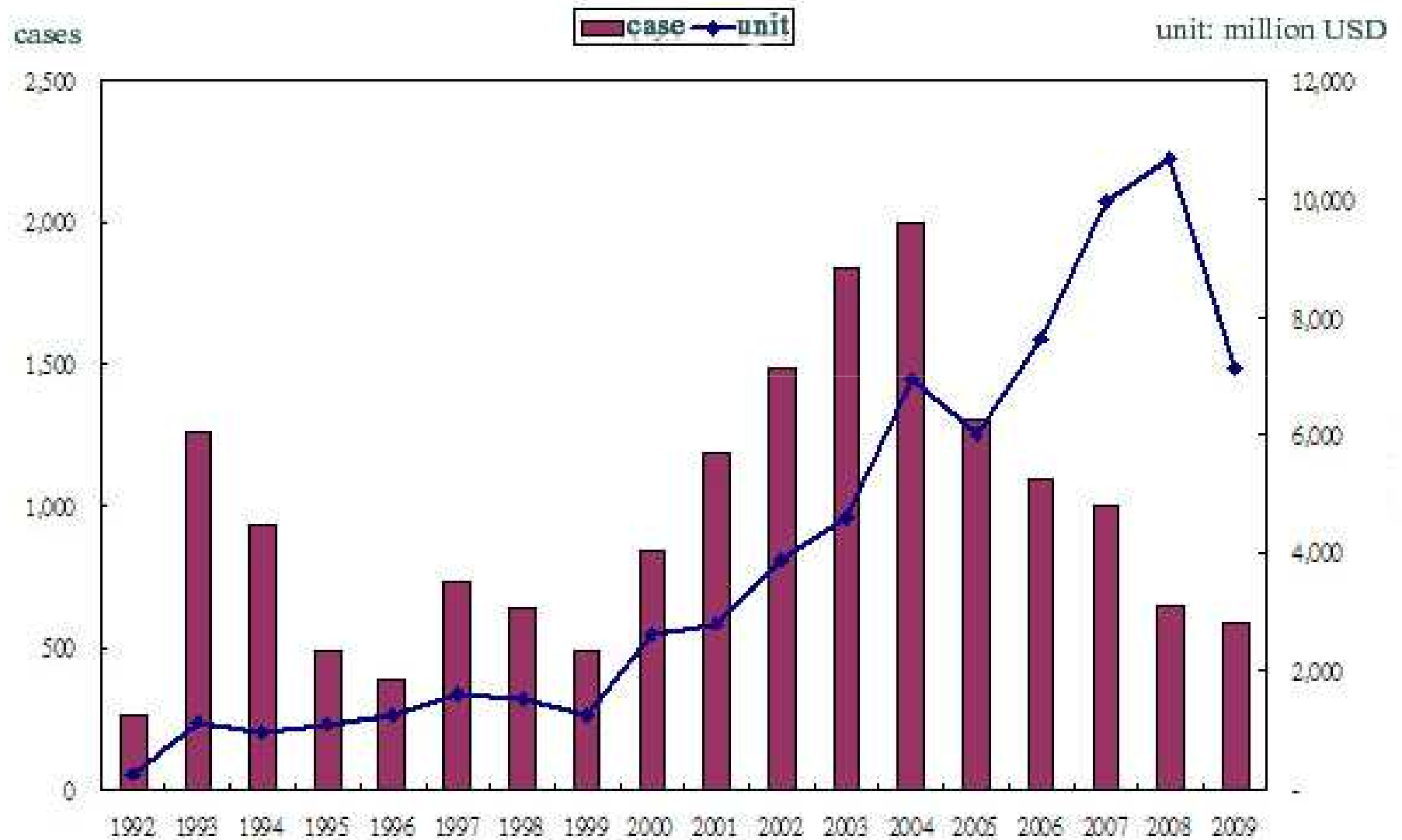
Taiwan's Investment Policy & Scenario

- Outbound investments started in the 1970s
- Active investor in China, Southeast Asia
- Government now actively promotes “Invest in Taiwan”

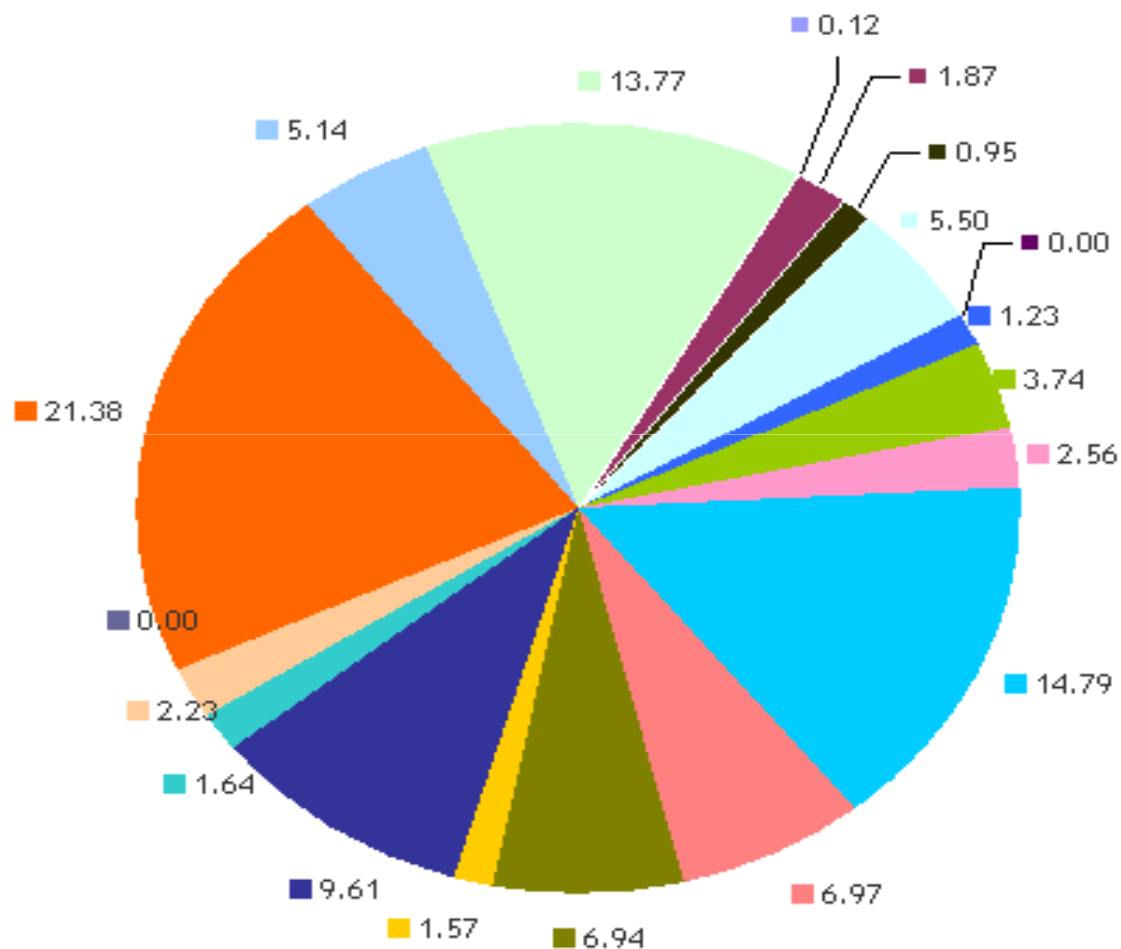
Global Index	Publisher	2010 Ranking	
Global Competitiveness Index	WEF	13	
Risk Assessment on Business Environment	BERI	4	
World Competitiveness Yearbook	IMD	8	
Entrepreneurship Development	IMD	3	
Ease of Doing Business	World Bank	46	



Taiwan's Outward Investment (1992-2009)



1952~2008 Approved Overseas Chinese and Private Foreign Investment by Industry



- Agriculture, Forestry, Fishing & Animal Husbandry
- Food & Beverage Manufacturing
- Textiles Mills
- Chemicals
- Rubber and Plastic Products Manufacturing
- Non-metallic Mineral Products Manufacturing
- Basic Metal and Fabricated Metal Manufacturing
- Machinery and Equipment Manufacturing
- Electronic Parts and Components Manufacturing
- Computers, Electronic and Optical Products
- Electrical Equipment Manufacturing
- Construction
- Wholesale and Retail Trade
- Transportation and Storage
- Accommodation and Food Services
- Information and Communication
- Financial and Insurance
- Professional, Scientific and Technical Services
- Others

Source : The Directorate General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan

Why Invest in Taiwan

- Operations Hub in Asia-Pacific
 - Located at the heart of the Asia-Pacific region
 - Gateway to China - geographical and language advantages
- Global Logistics Capabilities
- Comprehensive Industrial Cluster
- Intellectual Advantage
- Superior Innovation Capability
- Complete Infrastructure
- Sound legal Framework
- Comprehensive IP Protection
- Abundant Capital Funds

Jan 17 2011



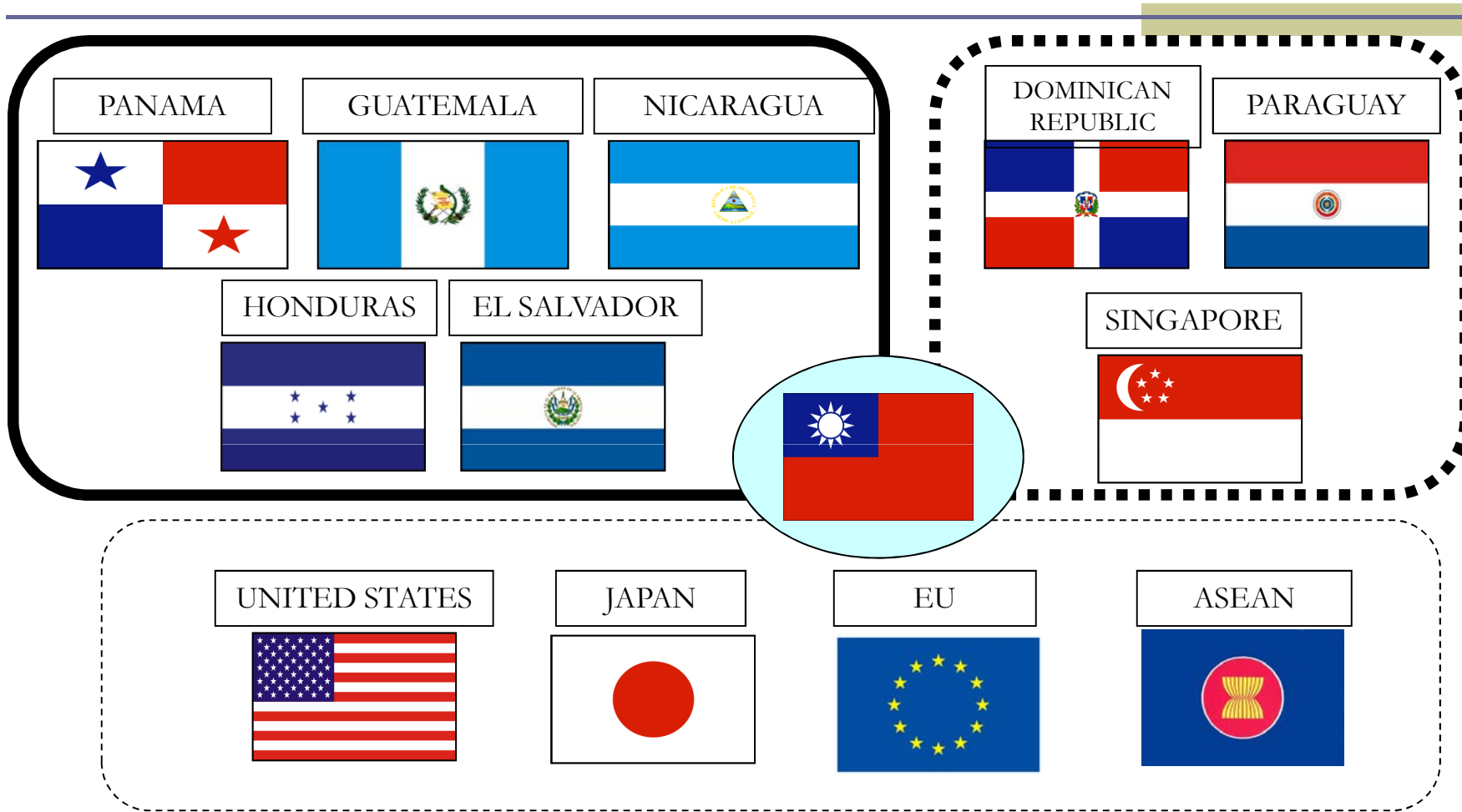
International Trade: Strategy and Objectives

- Maintaining traditional markets and exploring emerging markets
- Participating in international trade and economic organizations: APEC (1991), WTO (2002)
- Building bilateral economic and trade relationships as well as regional cooperation: *de facto* integration in Asia Pacific
- Strengthening international competitiveness by promoting Taiwan brand value, strategizing alliances, etc.
- Shaping a new FTA strategy in the “Post ECFA Era”

Jan 17 2011



Progress of FTA Initiatives



Signed or in force — Under negotiations: Diplomatic Allies Major Trading Partners

Jan 17 2011



Thank You for Your Attention!

Kristy Hsu
Associate Research Fellow
Taiwan WTO Center, CIER
TEL: 886-2-27356006*318
Email: kristy@cier.edu.tw

Jan 17 2011

