

# 國立交通大學

## 企業管理碩士學位學程

### 碩士論文

**Cross-Straits Economic Cooperation Framework Agreement (ECFA)  
Is it Panacea or Poisons Pill to Taiwan Economy?  
A Comparison Based on Closer Economic Partnership Agreement (CEPA)  
Between Hong Kong and China**

兩岸經濟合作框架協議 (ECFA)

它是振興台灣經濟的萬靈丹還是毒藥丸？

基於內地與香港關於建立更緊密經貿關係的安排(CEPA)做比較

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中華民國一百零一年七月

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## Abstract

Ever since United States and Canada had signed U.S.-Canada Free Trade Agreement on 1988, the development of regional free trade agreements (FTA) has been widely spread. Over the past two decades, unprecedented proliferation of FTA to promote regional economic integration has been observed. The formation of FTA was aimed for economic integration between the parties that's involved. Benefits of FTA include secure markets and providing export opportunities for domestic companies by dismantling the trade barriers between the participating nations. The importance of secure markets as a motive for participating in FTAs has become even greater as regionalism has expanded. This because the greater tendency towards, regionalism means the potential loss of market opportunity as a result of being excluded from a regional free trade agreement, also known as the marginalization effect, has become an increasing serious issue.

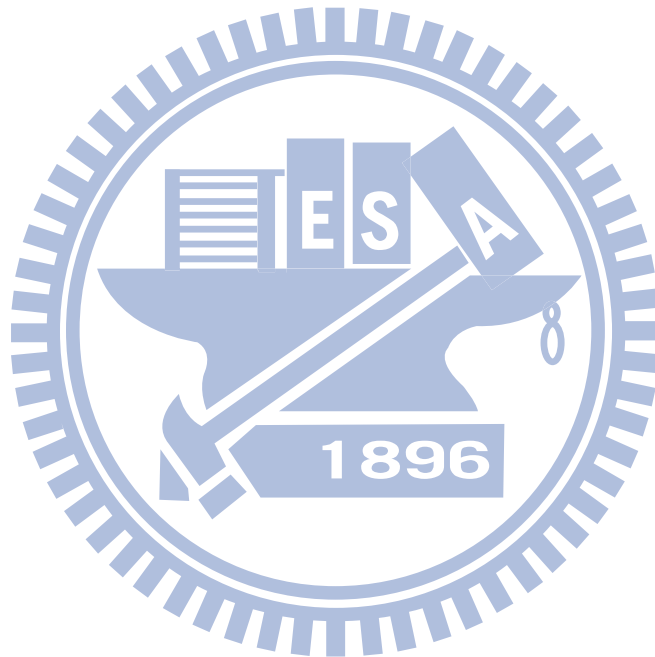
Taiwan is an island with economy that's heavily depends on exports for economic development and growth. Since its accession to WTO in January 2002, Taiwan has begun to conduct FTA negotiation with other WTO members. However, Taiwan was unable to secure FTA with any of its major partners, such as U.S., EU, and ASEAN. Even though Taiwan tried to conclude or to begin negotiation with other countries and other trade areas, Taiwan is suffering from China's political isolation policy. Thus, in the East Asia region, Taiwan and North Korea are the only two Asian countries that are excluded from the regional economic integration.

On June 29, 2010, Taiwan and China have finally come to an agreement and signed their version of FTA. It is so called the Cross-Straits Economic Cooperation Framework Agreement (ECFA). The ECFA is a landmark agreement between the two political rivals since the end of the Chinese Civil War in 1949. Nevertheless, the focal point for Taiwan is its attempt to prevent itself from marginalization with the composition of FTAs within its neighboring region. With ECFA signed and become effective, Taiwan is facing new opportunities and challenges in the regional integration as well as global trade.

The objective of this case study is to evaluate the implications of ECFA based on the comparison and contrast with CEPA, the FTA signed between Hong Kong and China. Further, an analysis of what ECFA had (not) achieved on Taiwan economy thus far. Finally, since ECFA is part of the East Asian regional economic integration trend that started off by the formation of ASEAN FTA, the marginalization effect based on trade figures with ASEAN will also be analyzed.

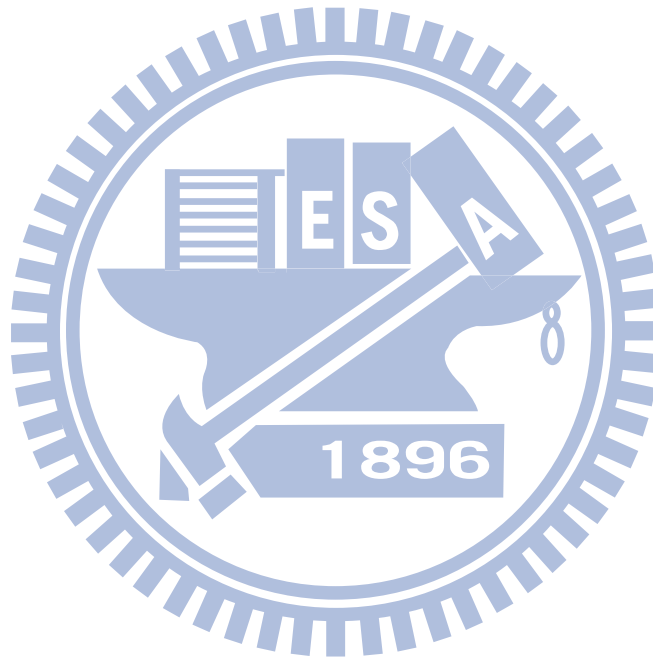
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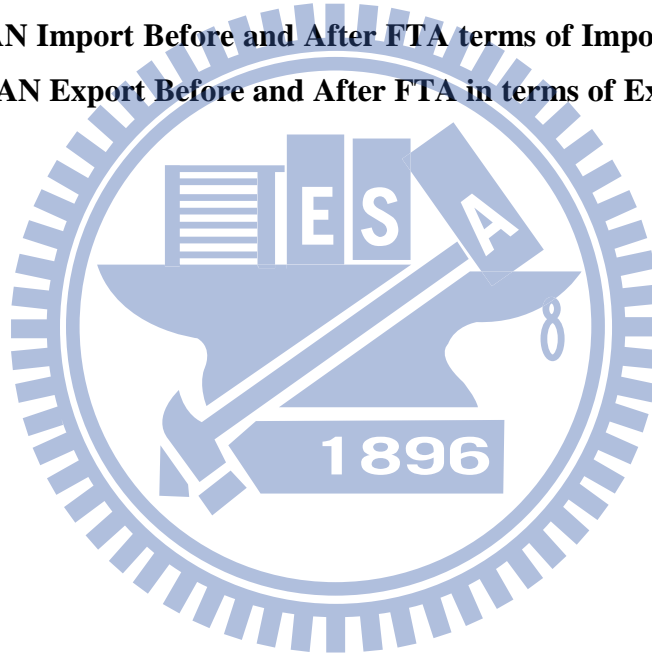
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## 1. Introduction

Ever since United States and Canada had signed U.S.-Canada Free Trade Agreement on 1988, the development of regional free trade agreements (FTA) has been widely spread. Over the past two decades, unprecedented proliferation of FTA to promote regional economic integration has been observed. As of January 15, 2012, by requirement of World Trade Organization (WTO), some 511 notifications of Regional Trade Agreements (RTA or FTAs, counting goods and services separately) had been received by the WTO, of these, 319 were in force [1]. All RTAs in the WTO are reciprocal trade agreements between two or more partners, that is, bilateral or multilateral.

The formation of FTA was aimed for economic integration between the parties which involved. In a free trade area, all barriers to the trade in goods and service among member countries are removed; no discriminatory tariffs, quotas, subsidies, or administrative impediments are allowed to distort trade between members. Each country, however, is allowed to determine its own trade policies with regard to nonmembers (Hill 2011, page 267). Benefits of FTA include secure markets and providing export opportunities for domestic companies by dismantling the trade barriers between the participating nations. The importance of secure markets as a motive for participating in FTAs has become even greater as regionalism has expanded. This because the greater tendency towards, regionalism means the potential loss of market opportunity as a result of being excluded from a regional free trade agreement, also known as the marginalization effect, has become an increasing serious issue. The FTA also enhances economic cooperation, access to market and resources, and to create a favorable economic framework for promotion of cross border trade among the member countries. As there are more and more countries conducting the free trade agreement with other countries, trade areas the context of international trade has been changed.

## 1.1 Case Study Background

Taiwan is an island with economy that's heavily depends on exports for economic development and growth. Shifting from agriculture economy to manufacture economy in the 1970s, Taiwan begins to switching from exporting agricultural goods to manufacturing goods for GDP growth (Tsai 2007). Since its accession to WTO in January 2002, Taiwan has begun to conduct FTA negotiation with other WTO members. However, Taiwan had failed to conclude FTA with any of its major trading partners, such as the United States, the European Union, and Association of South East Asian Nations (ASEAN). Instead, Taiwan only signed FTAs with five of its Central American diplomatic allies: Panama, Guatemala, Nicaragua, El Salvador and Honduras. Yet, bilateral trade with these Central American nations constitutes merely 0.187% of Taiwan's total exports (Hsieh 2011). Although Taiwan also tried to conclude or to begin negotiation with other countries and other trade areas, Taiwan is suffering from China's political isolation policy. In practice, China simply denied that Taiwan possess the "right" to conclude FTA with any one. For example, by considering an FTA with China, Mercado Común del Sur (MERCOSUR) prohibits its members from signing unilateral agreement with other economies, particularly Taiwan (Hsieh 2011). So, in the East Asia region, Taiwan and the North Korea are the only two Asian countries that are excluded from the regional economic integration.

On June 29, 2010, Republic of China (Taiwan) and People's Republic of China (Mainland China) have finally come to an agreement and signed their version of FTA. It is so called the Cross-Straits Economic Cooperation Framework Agreement, ECFA [2]. The ECFA is a landmark free trade agreement. It marked the most important agreement between the two political rivals since the end of the Chinese Civil War in 1949 and intended to legally transform the cross-straits economic link (Hsieh 2011). This agreement is also significant within WTO since it is the first bilateral free trade agreement concluded between the WTO members with

long-lasting sovereign disputes, but also accelerates the “domino effect” in East Asian economic integration (Hsieh 2011).

## **1.2 Case Study Objective**

Now with ECFA signed and become effective, Taiwan is facing new opportunities and challenges in the regional integration as well as global trade. The first object of this study will compare and contrast the similarities between ECFA and Closer Economic Partnership Arrangement (CEPA), the free trade agreement that is preferential in nature and signed between Hong Kong and China under the WTO terms. Second objective of, this study will evaluate and analyze the implication of how CEPA had effect on Hong Kong economy, and based on that what will be the effect of ECFA on Taiwan economy. Finally, since ECFA is part of the East Asian regional economic integration trend that started off by the formation of ASEAN free trade area, the presence of marginalization effect based on trade figures with ASEAN will also be evaluated. The main questions of this thesis are:

1. Based on the impact that CEPA had to Hong Kong economy, what are the implications of ECFA to Taiwan economy?
2. How will ECFA benefit or dis-benefit to Taiwanese industries, particularly the manufacturing industry?
3. By integrating Taiwan economy with China under the terms of ECFA, how does it or does not promote foreign investment in Taiwan?
4. By signing ECFA with China, will it help promote Taiwan's accession to the regional economic integration as to begin negotiation on free trade agreements with other countries in the region as well as with other members of WTO?
5. Is Taiwan really under the marginalization effect of not being part of the regional economic integration trend?

### 1.3 Importance of this Study

This case study was conducted for a number of reasons. First of all, Taiwan depends on the growth of export for its GDP growth. Ever since Taiwan began its indirect trade and indirect investment with mainland China, as a market, China has become a major trading partner and investment destination for firms that are based in Taiwan. Just like Hong Kong, much of Taiwan's export and investment destination is China. It is worth the effort to understand the implication on economic integration of Hong Kong with China, especially before and after the implementation of CEPA on January 1, 2003. In order to understand the impact, background and implication of CEPA that revive Hong Kong economy to its current state will be in the examination.

Secondly, for the national security and commerce reason, Taiwan imposes strict restrictions on goods that are imported from China as well as restrictive investment policies toward China while China imposes little. The main obstacle is that Taiwan and China are still under serious sovereignty dispute. As ECFA become effective on Jan 1, 2011, a step for Taiwan to integrate economy with China, this study in attempt to foresee the opportunities and threats that are forthcoming. There will be profound issues and challenges that are going to be faced by the Taiwan economy.

Thirdly, although Taiwanese was not involved in the regional economic integration trend in East Asia, Taiwan is still an important trading country in the region. By sign the ECFA with China, Taiwan has begun to integrate with regional economies in East Asia. This study will examine, without being involved in the regional economic integration in East Asia, the existence of marginalization on Taiwan export within the region, particularly with ASEAN free trade area. The extension of this question is to identify the potential and target FTA candidate that Taiwan should work on in the future.

## 1.4 Framework of the Study

This study is a case analysis of how ECFA will impact on Taiwan economy particularly on the export manufacturing industry as a whole and Taiwan's standing on regional economic integration.

The first section presents a background of this study followed by explanation of the objectives and the importance of this study. The second chapter contains a review of relevant theoretical papers, which will elaborate explain how free trade agreement may benefit the countries that's involved and how the benefits were measured. The second section contains review of the relevant international trade theories regarding the regional integration and the evaluation of regional integration. This section will also present a brief description of levels of economic integration and the reason behind them. The third section will investigate and compare the similarity and difference between CEPA and ECFA. This section will offer an overview on both CEPA and ECFA and follow up with their development, content, supplement and major topics. For comparison purpose, both context of CEPA and ECFA will examined and compared. The fourth section will evaluate the implication of CEPA on Hong Kong after CEPA had become effective. The implication of ECFA on Taiwan thus far will also be evaluated. Important event that is relevant to economic development to both Hong Kong and Taiwan will be reviewed. The comparison purpose, relevant economic performance with before and after the implementation of CEPA based on macroeconomic data and trade indicators that provided by the Censes and Statistic Department of Hong Kong Special Administrative Region of People's republic of China statistical department will be evaluated. Statistical data from statistical departments of Taiwan government will be analyzed. The fifth section will survey the trends in regional integrations or regional free trade agreement that began with the formation of ASEAN and its FTA. The purpose of ASEAN plus one and ASEAN plus three will be accessed. The international trade structure of ASEAN will be evaluated. Additionally, based on recent years of trade data between

Taiwan and the ASEAN countries, evaluation of marginalization within the East Asia economic integration will be evaluated. The sixth section will be the concluding remark of this case study. This section will address the issues uncovered by this study, and will offer suggestion for future cross-strait ECFA related negotiations as well as outlook on regional integration for Taiwan economy

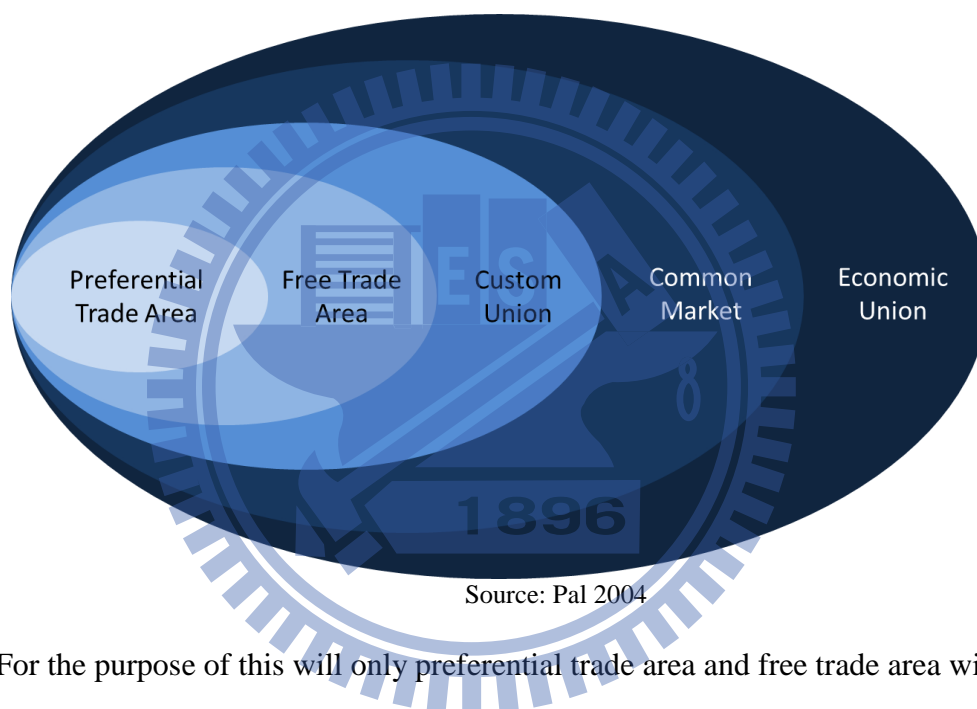


## 2. Literature Review

### 2.1 Levels of Economic Integration and why Countries Pursuit Them

There are several levels of economic integrations possible in theory and they can be broadly divided into five categories: 1) Economic Union, 2) Common Market, 3) Customs Union, 4) Free Trade Area (FTA), and 5) Preferential Trade Agreements (PTA) (Pal, 2004). The relationship between the various levels of regional agreements is depicted graphically in figure 1.

Figure 1, Levels of Economic Integration



Source: Pal 2004

For the purpose of this will only preferential trade area and free trade area will be emphasis on. A preferential tread area (PTA) is a union in which member countries impose lower trade barriers on goods produced within the union, with some flexibility for each member country on the extent of the reduction. A Free Trade area is a special case of PTA where member countries completely abolish trade barriers (both tariff barriers and non-tariff barriers) for goods origination within the member countries (Pal, 2004). All levels of economic integration under the WTO are reciprocal agreements between two or more partners, that is, bilateral or multilateral. The reason behind the formation of these integrations was, according to Pal, there are 1) the Welfare Impact of RTAs, 2) Dissatisfaction with the Current Multilateral Trade Regime, 3)



Bandwagon Effect of Regionalism, which also known as the marginalization effect, and 4) The Other Factors.

First of all under the welfare impact of RTAs, RTA enhances efficiency and increases welfare (Pal, 2004). The traditional theory of gains from trade suggests that removal of trade barriers allows consumers and producers to purchase from the cheapest and most competitive source of supply. This enhances efficiency and increases welfare.

As with dissatisfaction with the current multilateral trade regime, there is an emerging consensus among economists that frustration with the multilateral trading system is one of the prime reasons behind the current growth of regionalism (Pal, 2004). Krugman suggested that countries find regionalism an easier alternative because large number of participants in multilateral trade negotiations reduces the cost of non-cooperation and creates rigidity in the system. Also according to Krugman, modern trade barriers are much more complicated to negotiate in a multilateral forum and most countries find it easier to deal with these issues on bilateral or regional level (Krugman 1993).

For the bandwagon effect of regionalism, according to, that many big developed countries like the Unites States and the European Union are increasingly getting involved in FTAs with developing countries on a bilateral or regional level (Bhagwati 1993). This has encouraged many developing countries to seek participation in FTAs with developed countries as a defensive necessity against a possible exclusion from these markets (Pal, 2004). The motivation to go for an FTA with a developed country will be particularly strong for a developing country if other countries which it is competing to supply similar goods to the developed market, are part of a preferential trade agreement with the developed country. If these non-member countries unable to form a free trade area with the developed country, they attempt to create their own market by joining a regional trade agreement among excluded members. This creates a bandwagon effect where no countries want to be left of some major regional groupings (Pal,

2004); such phenomenon is also known as the marginalization effect.

On the situation of other factors-Among other important economic factors are foreign direct investment (FDI) and the advantages associated with economies of scale. According to the World Trade Report 2003 (WTR 2003) access to large regional markets is one of the key determinants of FDI in developing countries. As FDI has become the most important source of foreign capital inflow for developing countries, the WTR 2003 suggests that countries join regional agreement to attract FDI. On somewhat similar reasons, it has also been suggested that smaller countries join regional trade agreements because it can offer domestic firms the advantage of economies of scale (Pal, 2004).

Political factors also motivate countries to join regional trade agreements. Trade linkages between economies can increase the cost of conflict and improve cross border cooperation. For this reason, regional trade agreements are used as a strategic move to consolidate peace and increase regional security among member countries. Regional trade agreements are often used by developed countries to forge geopolitical alliances and build up diplomatic ties. By providing increased discriminatory access to a larger market, these countries seek to garner increased support on political front. It is apparent that most political regional trade agreements are not driven by economics, however, in the political regional trade agreement arrangements, particularly where a large developed is involved, there is always the possibility that the interests of smaller countries would be of secondary concern (Pal, 2004).

## **2.2 Evaluation of Free Trade Agreements and Marginalization Effect**

Plummer, Cheong and Hamanaka offered Methods for Ex-Ante Economic Evaluation of Free Trade Agreements on their paper for Asia Development Bank Methodology for Impact Assessment of Free Trade Agreements. They provided practical methods to policy makers for evaluating the potential economic effects of an FTA, defined as the preferential liberalization of

trade within a group of countries. They discuss how to apply three methods: trade indicators, SMART (software for market analysis and restrictions on trade) in WITS (world integrated trade solution), and the GTAP (Global Trade Analysis Project) model.

According to Plummer, Cheong and Hamanaka, the main strengths of using trade indicators is that they are relatively easy to understand, their data requirements are easily satisfied, and their computation is straightforward. However, their main limitation is that, since these indicators are atheoretical, interpretation of the results may be difficult. In addition, for the indicators presented in the trade indicators section, the results may be meaningless if the indicators are computed for trade categories that are too aggregated or unsuitably classified. To obtain more relevant information from these trade indicators, trade data could be reclassified according to a country's production structure and the computations could be performed at a more disaggregated level (Plummer, Cheong & Hamanaka, 2010).

On the same paper by Plummer, Cheong and Hamanaka, the strengths of the SMART model are that it is easily learned and implemented together with the WITS database, it yields important quantitative results on the trade and tariff revenue effects of an FTA, and the analysis can be performed at the most disaggregated level of trade data. However, the main limitation of the SMART model is that it is a partial equilibrium model, which means the results of the model are limited to the direct effects of a trade policy change only in one market (Plummer, Cheong & Hamanaka, 2010). The model, therefore, ignores the indirect effects of trade policy changes in other markets (inter industry effects) and feedback effects (the effects due to a trade policy change in a particular market that spill over to related markets and return to affect the original market). In addition, SMART does not return results on an FTA's effects on domestic production, which may be of interest to policy makers, nor does it consider the possibility of new foreign exporting countries serving the domestic market. Finally, SMART's results may be sensitive to the modeling assumptions and parameter values used. Although SMART does not provide a

built-in sensitivity analysis, users may perform this manually by changing parameter values over a reasonable range (Plummer, Cheong & Hamanaka, 2010).

The Global Trade Analysis Project (GTAP) model, originally formulated by Hertel (1997), is the most widely used CGE model for analyzing trade policy which was developed by Dixon (Dixon, Parmenté & Vincent 1982). The theory underlying the GTAP model was based on the ORANI model of the Australian economy. The model is multi-market, with markets for final goods, intermediate goods, traded goods, and factors of production. It is also multiregional, with a region representing a country or a group of countries. The quantity of endowments—land, skilled labor, unskilled labor, natural resources, and initial capital—in each region is fixed exogenously within the GTAP model (Plummer, Cheong & Hamanaka, 2010). The main agents in this model are producers, consumers, and the government. These agents are styled according to standard neoclassical axioms, but the GTAP model contains particular production and utility functions (Hertel 1997). Furthermore, the model assumes perfect competition, and that prices will adjust to clear all markets. As the labor supply within each region is fixed and not mobile across regions, market clearing implies that there is no unemployment (Plummer, Cheong & Hamanaka, 2010).

The strengths of the GTAP model include (i) as a general equilibrium model, it accounts for economic changes in all sectors; (ii) it is relatively accessible compared to other CGE models; (iii) it comes with a peer-reviewed and fully documented database and software suite; and (iv) it is widely used by trade policy researchers, who can easily try to replicate and verify the results of any GTAP study. On the other hand, the GTAP model faces the same limitations as other CGE models of trade policy: (i) it is constrained by the availability of data, and a lack of data may severely compromise the scope and relevance of a study and the researcher's ability to model certain trade policies; (ii) it involves many parameters, which may be difficult to estimate and validate; and (iii) it contains assumptions or characteristics that may not reflect real-world

features. For instance, in analyzing FTAs, the GTAP model's use of the Armington assumption creates a bias against findings of trade diversion and, therefore, a bias in favor of FTAs (Lloyd & Maclaren 2004).



### **3. Comparison Between CEPA and ECFA**

#### **3.1 CEPA Overview**

On June 29th 2003 the Special Administrative Region (SAR) of Hong Kong and mainland China signed a bilateral trade agreement, known as Closer Economic Partnership Arrangement (CEPA). This agreement is the result of an initiative on the part of business circles and more particularly by the Hong Kong General Chamber of Commerce (HKGCC), in response to anxieties about the future of the SAR as a gateway between China and the rest of the world, which were caused by the economic slowdown since the unification of 1997. Despite its reservations, the government of Hong Kong backed the initiative and obtained, in December 2001, an agreement in principle from the central government. The CEPA conforms to Article 24 of the GATT (General Agreement on Tariffs and Trade) on bilateral agreements and is compatible with the rules of the WTO, which was an essential condition of its application, since both parties are separate members of the WTO. This is the first bilateral agreement to be signed by Hong Kong and the first to be signed by mainland China with member of the WTO [3].

It took eighteen months to conclude the CEPA. The CEPA was made up of three major sections: 1) tariff reductions on 273 categories of goods that Hong Kong exports to China; 2) a preferential opening of Chinese market to Hong Kong service providers in 17 sectors; and 3) a series of measures aimed at facilitating bilateral exchanges of goods capitals and people. Also there are 6 Annexes signed to complement the CEPA. The Annex I to III deals with trade in goods and defines, in particular, related rules, the origin of the goods and the procedures for registration and verification of certificates of origin (Cabrillac 2004).

Annex II defines the definition of the “rules of origin” of products. There are about 67% of the 273 products covered by the agreement (including jewelry, textiles, clothing, cosmetics, paper, and plastics) are covered by the criteria of origin currently in force in Hong Kong, in conformity with Article VII of the GATT which requires “substantial transformation,” defined case by case. In 17% of categories, among them chemical and metal products and certain electronic products, this “substantial transformation” must be significant enough to lead to a change in tariff heading, according to the international four-digit nomenclature. The agreement thus uses the provision, which is fairly widespread in matters of product origin, of Change in Tariff Heading. Finally, for the remaining 16% of categories (among them watch and optical components) the production or transformation costs in Hong Kong (including product development costs) must represent at least 30% of the FOB (Free on Board) export price. While Hong Kong had to make concessions to the Chinese on this percentage (their objective had been to set this at 25%), they were nevertheless successful in having development costs included in the calculation (Cabrillac 2004).

The Annex IV and V deal with the second section of the arrangement, with the addition of the telecommunications sector and define the term “Hong Kong service provider.” Annex VI defined six fields for special co-operation between Hong Kong and China.

CEPA includes trade in goods, services and trade and investment facilitation. To China and Hong Kong, compared with other free trade agreements, the category of goods covered are wide and tariff rate reduction are fast, including wide field of trade in services, trade and comprehensive investment facilitation, multifaceted cooperation on the bilateral economic and trade fields to develop the institutional measures, expanding the field of a free trade agreement. In all account, CEPA is a comprehensive free trade arrangement.

Hong Kong being a duty-free region, by the content of CEPA are agreed to by China are of a unilateral in character. Although China and Hong Kong are formally linked, in this arrangement, Hong Kong agrees not to impose any restrictions on imports coming from the China. In addition, both parties also agreed not to take any mutual protective measures nor engage in antidumping procedures.

CEPA has created a new stage of economic and trade cooperation between Hong Kong and China. CEPA is not a fixed arrangement, it still contains flexibility, that, according to the provisions of Article III of CEPA that “The two sides will continue to expand each other's open, increase and enrich the CEPA content.” Thus, with the continuous development of the two economies, the China’s “Reform and Opening Up” process will continue further and will deepen the relationship between the two parties.

CEPA as an “arrangement” was reached in a relatively short time. Mainland China and Hong Kong to achieve complementary advantages and common development, fully embodies the “one country” advantage. Both sides maintain their own economic systems and institutions. Under the CEPA the gradual elimination of institutional barriers in the economic and trade field, highlighting the characteristics of “two systems.” CEPA is a vivid exhibition of the “One Country, Two System” principle and development.

As of December 13, 2011, in order to further liberalize trade in goods and trade in services in the Mainland China for Hong Kong, both parties signed 8th supplements to the CEPA [4]. The aim of these supplements was to clarify and complete the original provisions of the CEPA and further reduce tariffs on goods that produced in Hong Kong and liberates mainland China market in trade in services so that firms based in Hong Kong may gain access to. The schedule and the implementation of the 8 supplements are as Table 1:



**Table 1, Summary to Supplement of CEPA**

Supplement Number	Date Signed	Effective Date	Summary of Trade Liberation
I	October 24, 2004	January 1, 2005	<ol style="list-style-type: none"> <li>1. The second batch of Hong Kong origin products for Implementation of zero import tariffs by the mainland which contains 529 product categories (Annex 1).</li> <li>2. Define schedule on rules of origin of the second batch of Hong Kong goods which contains 713 product categories (Annex 2).</li> <li>3. List on 17 specific commitments on Liberalization of trade in services of mainland market for Hong Kong (Annex 3).</li> </ol>
II	October,18 2005	January 1, 2006	<ol style="list-style-type: none"> <li>1. Schedule on Rules of Origin of 261 Hong Kong Goods Subject to Tariff Preference for Trade in Goods in 2006 (Annex 1).</li> <li>2. Provide preferential treatment to Hong Kong service suppliers in 27 services in 10 areas (Annex 2).</li> </ol>
III	June, 27 2006	January 1, 2007	<ol style="list-style-type: none"> <li>1. Schedule on Rules of Origin of 37 Hong Kong Goods Subject to Tariff Preference for Trade in Goods in 2006 (Annex 1) from 1,370 to total of 1,407.</li> <li>2. Provide preferential treatment to Hong Kong service suppliers in 10 services in 10 areas (Annex 1). Included areas: legal, construction, tourism, and air transport.</li> </ol>
IV	June, 29 2007	January 1, 2008	<ol style="list-style-type: none"> <li>1. Provide preferential treatment to Hong Kong service suppliers 40 liberalization measures covering 28 services areas, including 17 existing CEPA services areas and 11 new services areas.</li> </ol>
V	July 29, 2008,	January 1, 2009	<ol style="list-style-type: none"> <li>1. Provide preferential treatment to Hong Kong service suppliers a total of 29 liberalization measures covering 17 services sectors, including 15 existing CEPA services sectors and two new services sectors. As a result, the total number of services sectors covered by CEPA will be expanded from 38 to 40.</li> <li>2. Specifically include “Branding” as a new area of cooperation under Trade and Investment Facilitation (TIF), bringing the total number of TIF cooperation areas to nine.</li> </ol>
VI	May 9, 2009,	October 1, 2009	<ol style="list-style-type: none"> <li>1. Provide preferential treatment to Hong Kong service suppliers a total of 29 liberalization measures, covering 20 service sectors, including 18 existing CEPA service sectors and two new service sectors. As a result, the total number of service sectors covered by CEPA will expand from 40 to 42.</li> <li>2. Specific mutual recognition of professional qualifications on 7 professional qualifications, and liberate Certified Public Accountants on or before 31 March 2009 of Hon Kong to be exempted from the "Finance and Accounting" paper when sitting for Mainland's Certified Tax Agent qualification examination.</li> </ol>
VII	May 27, 2010,	January 1, 2011	<ol style="list-style-type: none"> <li>1. Provides for 35 market liberalization and trade and investment facilitation measures in 19 sectors. Among them, 27 are liberalization measures in 14 service sectors and of which eight are measures for “early and pilot implementation”.</li> <li>2. To enhance trade and investment facilitation, in addition to strengthening the cooperation in testing and certification, agree to cooperate in the cultural, environmental, innovation and technology industries, as well as cooperation on education.</li> </ol>
VIII	December 13, 2011	April 1, 2012	<ol style="list-style-type: none"> <li>1. Provides for a total of 32 services liberalization and trade and investment facilitation measures, which include 23 liberalization measures in 16 service sectors, and strengthen cooperation in areas of finance, tourism, innovation and technology.</li> <li>2. The two sides have so far announced 301 liberalization measures under 47 service sectors.</li> </ol>

### **3.1.1 Development of CEPA**

As to the result to the initial effect of CEPA, by January 1, 2004, 273 categories of products of Hong Kong origin are no longer subject to import duties to mainland China. Included are many of products related to watches, jewelry, textiles and clothing, chemicals, pharmaceuticals, cosmetics, and the electrical and electronics industries. China import duties remain high on some of these products: from 27% to 35% for jewelry, from 18% to 22% for cosmetics, from 14% to 23% for watches, and from 5% to 30% for electrical and electronic products. The arrangement is to be extended from January 1, 2005 to further categories of products as proposed by Hong Kong exporters and approved by the Hong Kong and Chinese authorities. As of January 1, 2006, all exports products of Hong Kong origin are exempted from import duties to China (Article 1, Paragraph 3), and by April 1, 2012, as the Supplement VIII become effective the two sides have liberalize 301 measures under 47 service sectors [5].

### **3.2 ECFA Overview**

The Cross-Straits Economic Cooperation Framework Agreement (ECFA), a landmark agreement that is the most important agreement between the two political rivals since the end of Chinese Civil War in 1949. ECFA is intended to form an economic integration cross Taiwan Strait with a framework agreement. The ECFA not only serves as the first bilateral trade agreement concluded between WTO members with decades of sovereignty disputes in the world but also an framework agreement symbolize the that Taiwan recognizes the need to establish a for institutionalized cooperation platform with its biggest trading partner, the mainland China, and an attempt of anti-marginalization in the East Asian regional integration that started off by the formation of ASEAN Free Trade Area in 1992.

### 3.2.1 Content of ECFA

The ECFA is comprised of five chapters and five Annexes. The five chapters includes the general principle (Chapter 1), trade and investment (Chapter 2), economic Cooperation (Chapter 3), early harvest (Chapter 4), and other provisions (Chapter 5). The five annexes of the agreement are product list and tariff reduction arrangements under the Early Harvest for Trade in Goods (Annex I), provisional rules of origin applicable to products under the Early Harvest for Trade in Goods (Annex II), safeguard measures between the two parties applicable to products under the Early Harvest for Trade in Goods (Annex III), sectors and liberalization measures under the Early Harvest for Trade in Services (Annex IV), and definitions of service suppliers applicable to sectors and liberalization measures under the Early Harvest for Trade in Services (Annex V).

The General Principle section outlines the objective of the agreement and the range of economic cooperation measures of trade liberalization. There are three objective enlisted in the ECFA: 1) To strengthen and advance the economic, trade and investment cooperation, 2) To promote further liberalization of trade in goods and services and gradually establish fair, transparent and facilitative investment and investment protection mechanisms; and 3) To expand areas of economic cooperation and establish a cooperation mechanism (Article 1).

Trade and Investment section sets the scope as well as the range for future negotiations over agreements on trade in goods and services, investment; including modalities for tariff reduction or elimination, rules of origin, custom procedures, non-tariff measures, including measures set forth in the Agreement on Implementation of Article VI of GATT 1994, the Agreement on Subsidies and Countervailing Measures and the Agreement on Safeguards of the WTO.

Economic Cooperation section, a major component of the agreement, sets the parameter for intellectual property rights protection and cooperation, financial cooperation, e-commerce cooperation, industrial cooperation, promotion of small and medium-sized enterprise cooperation, customs cooperation, and trade facilitation.

Early Harvest section, an important component of the agreement, identifies and list goods eligible for early tariff reductions (Annex 1) and service trade liberated (Annex 4) for early market access that will become in effect within six month as the framework agreement become officially effective. The detail of the Early Harvest will be discussed later in this case study.

The last section, the Other Provision, which is the final section of the agreement, includes Exceptions, Dispute Settlement, Institutional Arrangements, Annexes and Subsequent Agreements, Amendments, Date of Entry into force, and mostly importantly the Termination clause.

Within six months after the agreement officially signed, as ratify by the legislature body Taiwan on Sep. 12, 2010 [6] and become effective on January 1, 2011. Taiwan will gradually reduce tariffs to zero within three years on 267 products that's import from China and vice versa for 539 products that's export from Taiwan to China (Annex 1). Further, Taiwan shall reduce or eliminate the restrictive measures in force affecting the services and services suppliers on 9 categories of trade in service and vice versa on 11 categories for China (Annex V).

### **3.2.2 The Annexes of ECFA**

Annex I defines list of goods and tariff reduction arrangements under the Early Harvest for Trade in Goods and the provisional rules of origin applicable for both parties. Within three years Taiwan shall gradually reduce tariff on 267 products that is imported from China to zero, and vice versa for 539 products that is imported from Taiwan to China. For Taiwan, the tariff on goods that is lower than 2.5% shall reduce to zero within the first year; tariff on goods that is

between 2.5% and 7.5% shall reduce to 2.5 % within the first year and zero within the second year; and tariff on good that is over 7.5% shall reduce to 5% with in the first year, 2.5% within the second year, and zero within the third year. For China, the tariff on goods that is lower than 5% shall reduce to zero within the first year; tariff on goods that is between 5% and 15% shall reduce to 5 % within the first year and zero within the second year; and tariff on good that is over 15% shall reduce to 10% with in the first year, 5% within the second year, and zero within the third year.

**Table 2, Tariff Reduction Schedule for China**

	2009 import Tariff (%)	Number of Items	Weighting (%)	First Year	Second Year	Third Year
1	$0 < X < 5$	76	14.1	0%	-	-
2	$5 < X < 15$	433	80.3	5%	0%	-
3	$X > 15$	30	5.6	10%	5%	0%

**Table 3 Tariff Reduction Schedule for Taiwan**

	2009 import Tariff (%)	Number of Items	Weighting (%)	First Year	Second Year	Third Year
1	$0 < X < 2.5$	67	25.1	0%	-	-
2	$2.5 < X < 7.5$	187	70.0	3%	0%	-
3	$X > 7.5$	13	4.9	5%	3%	0%

Annex II provides provision of rules of origin applicable to goods under the Early Harvest for the Trade in Goods. It contains 17 Articles and the contents of these covers the definition of terms and detail on rules of origin, Product Specific Rules, Change in Tariff Classification, Regional Value Content, Processing Operations, Accumulation Rule, Minimal Operations or Processes, De Minimis, Fungible Materials, 12 Neutral Elements, Sets, Packaging Materials and Containers, Accessories, Spare Parts and Tools, Direct Consignment, and Operational Procedures Related to Rules of Origin. This Annex stipulates Customs Valuation Agreement means the Agreement on Implementation of Article VII of the GATT 1994, which is part of the Marrakesh Agreement Establishing, the WTO.

However the most important issue under the provision of rules of origin is the local content rule stipulated on the Article 10 of this Annex that value of all non-originating materials, determined pursuant to Article 6, that fail to meet the criterion of change in tariff classification, does not exceed ten percent (10%) of the FOB value of the given good. In another word, require local content as high as 90% to qualify as “Made in Taiwan,” which is very strict by international standard or usual FTA standard.

Annex III lists the safeguard measures between Taiwan and China applicable to products under the Early Harvest for Trade for Trade in Goods. It addresses that the duration of a safeguard measure between the two parties shall be as short as possible. The maximum duration of the safeguard measure is one year. The Party that imposing the safeguard measure may increase the tariff rate applicable to the product concerned up to the level of non-interim tariff rate generally applied to the members of the WTO at the time when such a safeguard measure between the two parties is taken. When a safeguard measure between the two Parties is taken, in the event of rules not stipulated in this Annex, the Agreement on Safeguards of the WTO shall be applied mutatis mutandis, except the quantitative restriction measures set forth in Article 5, as well as Article 9, 13 and 14 of the Agreement on Safeguards of the WTO. Where the Agreement on Safeguards of the WTO is applied mutatis mutandis under this Annex, the “Council for Trade in Goods” or the “Committee on Safeguards” mentioned in the Agreement on Safeguards of the WTO refers to the “Cross-Straits Economic Cooperation Committee, (CSECC)” under the Cross-Straits Economic Cooperation Framework Agreement. Finally, neither Party may simultaneously take the following measures on a product from the other Party.

1. Safeguard measure between the two Parties;
2. Measure set forth in Article XIX of the GATT1994 and the Agreement on Safeguards of the WTO.

Annex IV deals with sectors and liberalization measures under the Early Harvest for Trade in Service. Taiwan shall reduce or eliminate the restrictive measures that are affecting the services and services suppliers of 9 categories of trade in service, and vice versa 11 categories for China. Annex V defined definitions of service suppliers applicable to sectors and liberalization measures under the Early Harvest for Trade in Services.

### 3.2.3 The Early Harvest Program of ECFA

According to the Annex I, which displays the list of Early Harvest for trade in goods for Taiwan and China, Taiwan shall gradually reduce tariff on 267 products that is imported from China, and China shall reduce tariff on 539 products that is imported from Taiwan. Within three years, the tariff on these listed items shall gradually reduce to zero. Table 5 and Table 6 present the detail of the 539 Early Harvest concessions by both parties. Based on the 2009 trade data, the aggregate value of the 539 Early Harvest concessions by China items accounts for 13,837.54 million in U.S. dollar or 16.15% of total import from Taiwan to China, while the 267 Early Harvest concessions by Taiwan to China accounts for 2,857.76 million in U.S. dollar or 10.54% of total import from China to Taiwan.

**Table 4, Early Harvest Concession by China**

in million U.S. dollar

Sector	Subsector	Items	2009 Import from Taiwan	Share of Total Import from Taiwan
<b>Petrochemical</b>		88	\$ 5,944.08	6.93%
<b>Machineries</b>		107	\$ 1,143.39	1.33%
<b>Textile</b>		136	\$ 1,588.34	1.85%
<b>Transportation</b>		50	\$ 148.44	0.18%
<b>Others</b>		140	\$ 4,997.21	5.84%
	<b>Steel</b>	22	\$ 1,078.56	1.26%
	<b>Metal works</b>	26	\$ 1,818.13	2.12%
	<b>Hand tools</b>	5	\$ 13.16	2.00%
	<b>Electronics</b>	14	\$ 614.65	0.72%
<b>Agriculture</b>		18	\$ 16.08	0.02%
<b>Total</b>		<b>539</b>	<b>\$ 13,837.54</b>	<b>16.15%</b>

Source: Chung Hua Institution for Economic Research, Taiwan [20]



**Table 5, Early Harvest Concession by Taiwan**

in million U.S. dollar

Sector	Subsector	Items	2009 Import from China	Share of Total Import From China
<b>Petrochemical</b>		42	\$ 328.69	1.21%
<b>Machineries</b>		69	\$ 473.97	1.75%
<b>Textile</b>		22	\$ 124.24	0.46%
<b>Transportation</b>		17	\$ 408.94	1.51%
<b>Others</b>		117	\$ 1,521.92	5.61%
	<b>Chemicals</b>	51	\$ 450.09	1.66%
	<b>Dyes</b>	12	\$ 37.51	0.14%
	<b>Electrical Equipment</b>	17	\$ 319.36	1.18%
	<b>Electronics</b>	10	\$ 431.21	1.59%
<b>Total</b>		<b>267</b>	<b>\$ 2,857.76</b>	<b>10.54%</b>

Source: Chung Hua Institution for Economic Research, Taiwan [20]

The percentage of liberalization of trade in goods is substantial; particularly the unilateral concession on the agricultural sector on 18 items by China is noteworthy. While China agreed to accord preferential tariffs of 18 Taiwanese agricultural products, Taiwan will continue its ban on the importation of 865 Chinese agricultural products and will not lower tariffs on 1,377 industrial products (Liu 2010). The ratio of trade in goods liberalization between commitments made by Taiwan and China under the Early Harvest Program is about 1:202, and nearly 1:4.84 in monetary value. Both sides agreed to gradually eliminate tariffs on Early Harvest Program items over two years, depending on existing tariffs as so mentioned earlier.

In terms of goods liberalization, the most apparent beneficiaries for Taiwanese are manufacturers of petrochemical products followed by textile and machineries, machine tools and textiles. For China, the most significant beneficiaries are machineries followed by transportation and petrochemical products.



Annex IV, which deals with liberalization measures under the Early Harvest of Trade in Service. Taiwan shall reduce or eliminate the restrictive measures that are affecting the services and services suppliers of 9 categories of trade in service, and China shall reduce or eliminate the restrictive measures that are affecting the services and services suppliers of 11 categories of trade in service categories for Taiwan. Table 7 displays the detail of service that is liberated from both Parties.

**Table 6, Early Harvest Commitments in Service by Both Taiwan and China**

	<b>Commitments from China</b>	<b>Commitments from Taiwan</b>
<b>Business Services</b>	<ol style="list-style-type: none"> <li>1. Accounting, Auditing and Bookkeeping</li> <li>2. Software Implementation and Data Processing</li> <li>3. Research &amp; Development</li> <li>4. Convention</li> <li>5. Special Design</li> <li>6. Audiovisual Services</li> <li>7. Hospital</li> <li>8. Aircraft Repair and Maintenance</li> </ol>	<ol style="list-style-type: none"> <li>1. Research &amp; Development</li> <li>2. Convention</li> <li>3. Exhibition</li> <li>4. Special Design</li> <li>5. Motion Picture</li> <li>6. Commission Agents' Service</li> <li>7. Sporting and Other Recreational Services</li> <li>8. Computer Reservation System</li> </ol>
<b>Financial Sector</b>	<ol style="list-style-type: none"> <li>1. Banking and Other Financial Services</li> <li>2. Insurance and Related Services</li> <li>3. Securities, Futures and Other Related Services</li> </ol>	<ol style="list-style-type: none"> <li>1. Banking and Other Financial Services</li> </ol>

Source: ECFA Annex IV

The scope of liberalization on the Early Harvest of Trade in Service was somewhat limited. The banking industry seems benefits most. Banks from both sides are now allowed to establish branches in on the other side. Noting that for Taiwan, banks from China which have been permitted to incorporate representative offices for one full year, may then apply for incorporation of branches in Taiwan. In China, banks from Taiwan shall have representative offices in the China for more than one year before application may apply for incorporation of branches further, shall have been operating in the China for more than two years and be profitable in the preceding year before application to conduct Renminbi (RMB) business.

And noticing that, for the insurance and insurance related services, Taiwan insurance companies through integration or strategic mergers shall be allowed to apply for entry into the Mainland insurance market with reference of total assets held by the group of over 5 billion U.S. dollar; more than 30 years of establishment experience and a representative office established in the Mainland for over 2 years by any one of the Taiwan insurance companies in the group.

The conclusion of the ECFA negotiations provides an impressive demonstration of both Taiwan and China the ability to reach meaningful agreements on difficult issues affecting real trade interests. The imbalance of tariff reductions is in favor of Taiwan despite the fact that Taiwan already enjoys a large trade surplus with the China. As its name suggests, the ECFA is a framework agreement that, for the first time since 1978 of “Reform and Opening Up” on China, and lift of martial law of Taiwan on July 15, 1987, provides a legal and institutional framework for the exciting private cross-strait economic ties that have developed over the past three decades. The 5-Chapter, 16-article agreement which includes a Cross-Strait Economic Cooperation Committee charged with implementing the agreement and serving as an interim dispute settlement mechanism. While the short-term benefits embodied in the “Early Harvest” tariff reductions have attracted the most attention, the creation of the new institutional framework should have long-term implications and contribute to stabilizing cross-Strait relations (Brown 2012).

### 3.2.4 CEPA vs. ECFA

#### 3.2.4.1 Overall Comparison

CEPA is a free trade agreement under the WTO framework between the China and its territory of Hong Kong with separate WTO membership. The model of CEPA is parallel with the “One country, Two System” policy of China, and it seeks to establish between a free trade zone between Hong Kong and China, by abolish tariff and non-tariff measures in mutual trade in goods, the gradual elimination of various restrictions on trade in services, trade and investment facilitation, and promote the growth of mutual trade and investment. CEPA is in line with the WTO under the relevant provisions of the 1994 GATT and the Trade in Services General Agreement (TGAS). The Mainland and Hong Kong submitted a joint notification of the CEPA to the WTO on Dec 27, 2003. The English translation of the CEPA text submitted was posed on the webpage of the Trade and Industry Department of Hong Kong. The CEPA was signed in the Chinese Language, and only the Chinese text is authentic [21].

Mirroring the CEPA, ECFA is negotiated and signed under the WTO framework in between China and a separate custom territory under WTO called “Chinese Taipei,” in which covers custom territorial area of Taiwan, Penghu, Kinmen and Matsu, which have long-term sovereignty dispute with China. ECFA is aimed to establish a free trade framework between Taiwan and China by abolish tariff and non-tariff measures in mutual trade in goods, the gradual elimination of various restrictions on trade in services, trade and investment facilitation, promote mutual trade and investment growth adhering to the principles of equality, reciprocity and progressiveness and with a view to strengthening cross-straits trade and economic relations. ECFA is also consistent with the relevant provisions of the 1994 GATT and the TGAS. As ECFA officially become an effective framework agreement, Taiwan and China had finally established an official platform for further development in economic and trade exchanges and cooperation [22].

There are many similarities and differences between the ECFA and CEPA, and their summary are presented in the Table 7.

**Table 7, ECFA vs. CEPA**

	<b>ECFA</b>	<b>CEPA</b>
Principle	To strengthening trade and economic relations	To promote the joint economic prosperity and development of the China and the Hong Kong Special Administrative Region
Model	Based on Equality, Reciprocity and Progressiveness, Bilateral in Nature	Under the “One Country, Two System,” Unilateral in Nature
Signatories	<b>Taiwan:</b> Chairman of Straits Exchange Foundation	<b>Hong Kong:</b> Financial Secretary Hong Kong Special Administrative Region of the People’s Republic of China
	<b>China:</b> President of Association for Relations Across the Taiwan Straits	<b>China:</b> Vice Minister of Commerce People's Republic of China
Notification to WTO	"Early Announcement" Yet to be received by WTO by May 16, 2012	Dec. 24, 2003 (WTO)
WTO Provisions	GATT Art. XXIV & GATS Art. V	GATT Art. XXIV & GATS Art. V
Termination Clause	Yes	No
Date Becoming Effective	January 1, 2011	January 1, 2004 (Article 4)
Trade Remedies	Under Negotiation	No Anti-Dumping or Countervailing Measures, but with Safeguards
Dispute Settlement Mechanism	Yes, by the Cross-Straits Economic Cooperation Committee	Yes, by the Joint Steering Committee
Local Content Requirement (by Rule of Origin)	Relatively Strict with $X \geq 90\%$ FOB value on Material	Relatively Liberal with $X \geq 30\%$ base on VIM
Mutual Recognition of Professional Qualifications	No	Yes
Supplements	Under Negotiation	8 Supplements to Date
Goods Free of Tariffs to Date	Taiwan Lift Tariffs on 67 items China Lift Tariff on 76 Items	All Goods for Both Sides
Service Sectors Liberated to Date	Taiwan Liberates 8 Business Services and 1 Financial Sector China Liberates 8 Business Services and 3 Financial Sectors	China Liberates 301 Business Services Under 47 Service Sectors to Hong Kong

Since CEPA involves only China and its separate customs territories of Hong Kong to signed a free trade agreement the title full name highlights the "arrangement" is the textual representation of the central government and the local government. This highlights the "CEPA" as the central government initiative undertaken in the regional economic cooperation of the local special administrative region (SAR) of the WTO membership to internal arrangements. In addition, the use of "Arrangement," rather than with the treaty of color "Agreement," shows such an arrangement is not an independent status instead of the agreement of the two economies. Thus, the arrangement was signed without the requirement going through the legislature approval and took effect immediately on the date of signing. Also, there is no termination clause in CEPA. Given the fact that it is an "arrangement" between the central and special administrative local governments, the absence of such clause demonstrates certain degree of unity between the two levels of government body. The signatory from the China side is Vice Minister of Commerce People's Republic of China; and the signatory from the Hong Kong side is Financial Secretary Hong Kong Special Administrative Region of the People's Republic of China.

CFA involves only Taiwan and China, technically the two separate customs territories under the WTO. Although the two parties are with long term sovereignty dispute, the title "Agreement" highlights the principle of equality and reciprocity, and thus "bilateral" in nature. The termination clause was included for the final safeguard section and may be terminate by either party, a rare clause under the usual FTA. The agreement was negotiated and signed and subsequently went through the legislature ratification process. The ECFA was approved by the Taiwan legislature on September 12, 2010 and went into effect on the January 1, 2011. The signatory from the Taiwan side was, the semiofficial representative, the Chairman of Straits Exchange Foundation; and the signatory from the China side was, also a semiofficial representative, the President of Association for Relations Across the Taiwan Straits.

Although ECFA and CEPA are both consider preferential FTAs under GATT Article XXIV & GATS Article V, the CEPA is unilateral nature and the ECFA is bilateral nature. This due to the fact that Hong Kong is a free port and Hong Kong imposes no tariff on goods its imports. It was China that imposes tariff and non-tariffs barriers on goods and services that imported from Hong Kong. Consequently, the tariff and non-tariff barrier measure that liberates in CEPA are all on China side and thus made it a unilateral and preferential arrangement. ECFA on the other hand, both sides agree to take measures liberates non-tariff barriers on services and agree gradually reduce tariff on goods and services based on the Early Harvest Program, therefore the ECFA is bilateral in nature. Further, by degree of tariff on goods reduced and service trade liberated, apparently, there are more preferential trade measures made by China to Taiwan.

#### **3.2.4.2 Investment Facilitation**

By objective, CEPA was designed for promoting trade and investment facilitation between Hong Kong and China. The agreement stipulates that two sides shall promote trade and investment facilitation through greater transparency, standard conformity and enhanced information exchange (Article 16), and the two sides may expand the scope and content of trade and investment facilitation through consultation (Article 17, 3).

ECFA was designed, by objective, to promote further liberalization of trade in goods and services between the two parties, Taiwan and China, the agreement outline such target by gradually establish fair, transparent and facilitative investment and investment protection mechanisms. The aim was to expand areas of economic cooperation and establish a cooperation mechanism (Objective). The Article 5 specifically outlines that the two parties have agreed to conduct consultations and expeditiously to reach an agreement on the matters as 1) establishing an investment protection mechanism; 2) increasing transparency on investment-related

regulations; 3) gradually reducing restrictions on mutual investments between the Taiwan and China; and 4) promoting investment facilitation.

Since the colonial era, Hong Kong has already possessed strong investment in China. Given the relationship between Hong Kong and China after the unification of 1997, the relationship essentially became central government and local government. Thus the term “facilitation through consultation” gives China more power to decide “what to facilitate,” yet another evidence of unilateral nature of CEPA. In contrast to CEPA, the two parties involved in the ECFA, Taiwan and China, the investment facilitation clause opens a new ear to cross-straits investment, whereas Taiwan imposes stringent restrictions on both outbound and inbound cross-straits investments, and China imposes little. In Taiwan’s trade regime, foreign investments are subject to the “negative list” that excludes only industries with security or environmental concerns. Whereas in China, foreign investments are nonetheless confined to the “positive list” of 192 items, which explains why there is less than 1 billion U.S. dollar of Chinese investments in Taiwan in contrast to more than 50 billion U.S. dollar of Taiwanese investments in China (Hsieh 2011). The main issue here is mutual trust under the ground rule of WTO with commerce and peaceful intention. Since both sides are still under severe sovereignty dispute, by approval of ECFA, it is an implicit motion that both sides are agreed to disregard the sovereignty issue and continues to cooperate with each other on economic and trade topics.

#### **3.2.4.3 Trade Remedies**

Both China and Hong Kong agree not to impose anti-dumping (Article 7) or countervailing measure (Article 8) on each other. Further, for the safeguard measure, should the implementation of the arrangement causes sharp increase in the import of a product included in Annex I, which has caused or threatened to cause serious injury to the affected side’s domestic industry that produces like or directly competitive products, the affected side may, after giving



written notice, temporarily suspend the concessions on the import of the concerned product from the other side, and shall, at the request of the other side, promptly commence consultations by the “Joint Steering Committee” to resolve any problems arising from the interpretation or implementation of the arrangement. The “Joint Steering Committee” was setup by Article 19 of the arrangement to:

- a) Supervising the implementation;
- b) Interpreting the provisions;
- c) Resolving disputes that may arise during the implementation;
- d) Drafting additions and amendments to the content;
- e) Providing steer on the work of the working groups; and
- f) Dealing with any other business relating to the implementation of the CEPA.

This committee is rather politically oriented dispute settlement mechanism in which the members of the committee are comprised of senior officials from both sides to deal matters “through consultation in the spirit of friendship and cooperation” (Articles 19.1–19.4).

In contrast, under ECFA, the trade remedy measures, including measures set forth in the Agreement on Implementation of Article VI of the GATT 1994, the Agreement on Subsidies and Countervailing Measures and the Agreement on Safeguards of the WTO, the safeguard measures between Taiwan and China parties applicable to the trade in goods between the Taiwan and China (Article 3, Paragraph 2, subparagraph 5). Further, in the event that the implementation of the Early Harvest Program for Trade in Services has caused a material adverse impact on the services sectors of one side, the affected side may request consultations with the other side to seek a solution (Article 8, Paragraph 2, Subparagraph 4). For the trade dispute that may occur during the implementation of the agreement, either party may seek “the Cross-Straits Economic Cooperation Committee” for consultations on the establishment of appropriate dispute settlement



(Article 10). The “Cross-Straits Economic Cooperation Committee” was setup by Article 11 of ECFA to:

- a) Concluding consultations necessary for the attainment of the objectives of this Agreement;
- b) Monitoring and evaluating the implementation of this Agreement;
- c) Interpreting the provisions of this Agreement;
- d) Notifying important economic and trade information; and
- e) Settling any dispute over the interpretation, implementation and application of the agreement (Article 9).

The compositions of the member of the committee are “representatives designated by the two Parties” (Article 10), which also tends to be political oriented in which the members of the committee are also comprised of equal number of representatives from both Taiwan and China.

#### **3.2.4.4 Trade Dispute Resolving Mechanism**

Both trade dispute resolving committee, the Joint Steering Committee that created under the CEPA and the Cross-Straits Economic Cooperation Committee that created under the ECFA, are bypassing the WTO trade dispute resolving mechanism. It is understandable that Hong Kong has no sovereignty dispute with China, and CEPA is an “Arrangement” between the central government and the Special Administrative Region under the “One Country Two System” doctrine. Hence, it is not surprise to setup a trade dispute settlement mechanism outside of WTO tribunals under the CEPA.

However, the situation is comparably different between Taiwan and China. The key issue is, of course, again, the sovereignty issue between the two parties. If the two parties are to settle their trade dispute via WTO tribunals, such situation posts a significant political risk to China. China intends to avoid “internationalization” of cross-straits matters. The utilization of the WTO tribunals may create the image of “state-to-state” relations with Taiwan, thus diminishing Beijing’s sovereign assertion over the island (Hsieh 2011). In addition, the process of trade dispute settlement under the WTO tribunals may last longer than the arbitration time that are require by the committee that are composed of “representatives designated by the two parties.”

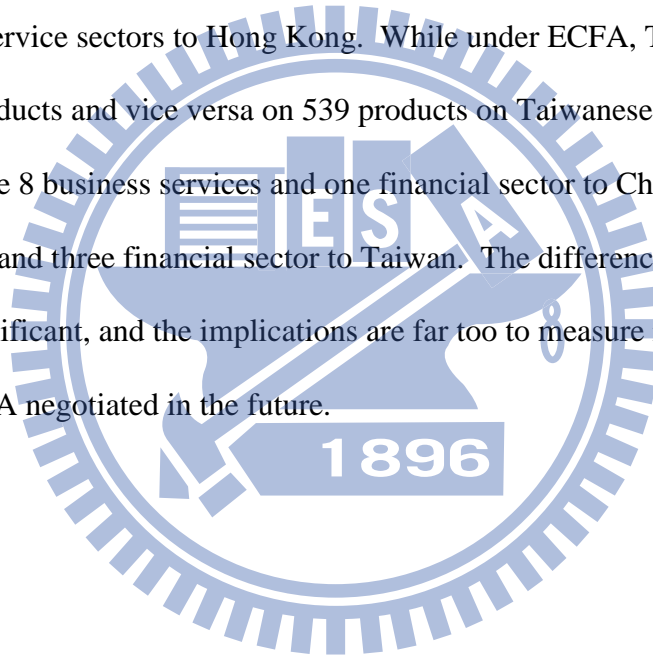
#### **3.2.4.5 Rule of Origin**

The difference on the rule of origin between ECFA and CEPA are significantly different. On the CEPA the Change in Tariff Heading Rule (Annex II), the value-added content, the total value of raw materials, component parts, labor costs and product development costs that are inclusively incurred in Hong Kong being greater than or equal to 30% ( $X \geq 30\%$ ) of the FOB value may consider local origin. The manufacturing industry in Hong Kong contributes fewer than 5% of Hong Kong GDP at the time the arrangement was made, therefore, the local content rule of greater 30% requirement is consider very low and was aimed to bust the development of manufacturing industry sector in Hong Kong. The local content rule stipulated in the CEPA to includes local labor cost and cost on product development made the local content requirement in CEPA very liberal.

In contrast, in Annex II of ECFA, with the Change in Tariff Classification (Article 5) and the Regional Value Content (Article 6) require that VNM, the value of all non-originating materials, adjusted based on CIF in parallel with Rule on Minimis (Article 10) that the non-De Minimis require that the value of all non-originating materials, may not exceed ten percent ( $X \leq 10\%$ ) of the FOB value of the given good to consider local content. In another word, the local

content rule on ECFA require as high as over 90% ( $X \geq 90\%$ ) of the product value, relatively high by usual FTA standard. As compare to CEPA, the local content on ECFA only include on the materials, excluding local labors costs and product developments costs which may incurred made the Rule of Origin in on ECFA very conservative, even protectionist.

Compare to ECFA, CEPA was first negotiated in sign into effect on January 1, 2003. To date, over the nine years, there are as many as 8 supplements were continually renegotiated. The coverage goods traded and the range of service trade liberated is far beyond the reach of ECFA. Under the CEPA, China now charges no tariff on Hong Kong products and liberates 301 business services under 47 service sectors to Hong Kong. While under ECFA, Taiwan only reduce tariff on 267 Chinese products and vice versa on 539 products on Taiwanese products for China. Also, Taiwan only liberate 8 business services and one financial sector to China and China only liberate 8 business services and three financial sector to Taiwan. The difference between CEAP and ECFA are very significant, and the implications are far too to measure if there is no other supplement of ECFA negotiated in the future.



## **4. Implementation of CEPA and ECFA**

### **4.1 Implication of CEPA to Hong Kong Since 2003**

In order to evaluate before and after effect of the implication as well as the availability of the data, the analysis will begin on the year 1991, and the year between 1991 and 1996 will serve as the control group. Since 1991, there are some events that had important impact to Hong Kong economy. The first and the most important one is, and will always be, the unification to mainland China on July 1997. The second event on the horizon to Hong Kong, subsequently, is China and Taiwan's successful accession to WTO and become member on January 1, 2002. The third, which is the turnaround event to Hong Kong, is the official arrangement of CEPA on June 29, 2003 which became effective on July 1, 2003. Finally, the 2008 Financial Crisis (Shah 2010) and Europe Deb Crisis (2010~now) did have another impact to Hong Kong Economy.

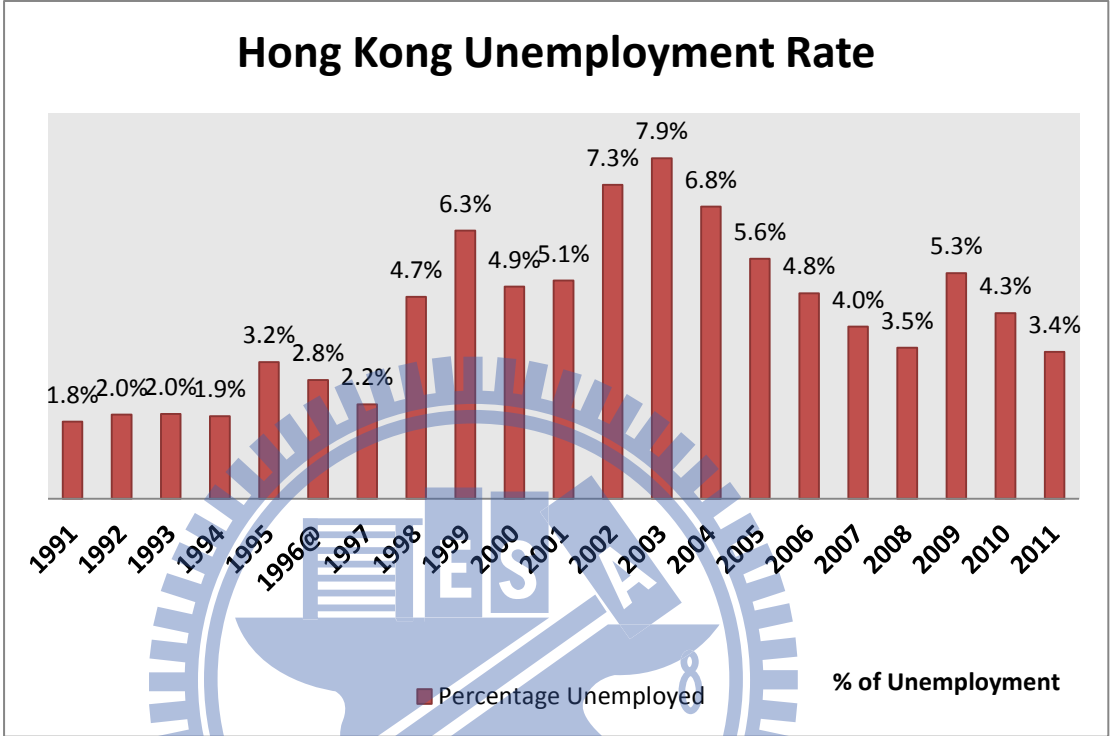
According to Statistical Table 1, between the year 1991 and 1997 Hong Kong enjoyed relatively high economic growth of 15.3% on 1991, 16.6% on 1992, 15.3% on 1993, 12.9% on 1994, 6.5% on 1995, 10.2% on 1996, and 11.0% on 1997. After the unification with China, Hong Kong's GDP began to take a dive; with negative growth of GDP all the way through 2003, except the on the year 2000 with positive growth on GDP of 4.0%. During that 6 years (1997~2003), the world economy was NOT on recession except for the internet bubble that occurred for the short term on the year 2000. Notice that, July 1, 2003 was the date that CEPA became effective, and Hong Kong's GDP, since then enjoyed a positive growth all the way through 2011, except on the year 2008, which is the year the global financial crisis took place. The change in GDP growth had shown clear evidence on the down fall of Hong Kong GDP after the unification with China in 1997, and positive effect of CEPA on Hong Kong economy, as shown on the change in GDP growth.

According to Statistical Table 2, a breakdown on the composition of Hong Kong's GDP by economic activity between 2000 and 2010, the significance of manufacturing sector dropped from 4.8% to 1.8 % (-3%), construction industry dropped from 4.9% to 3.3% (-1.6%), and electricity, gas, and water supply, and waste management (utility sector) dropped from 3.0% to 2.0% (-1%). The dropped differences were picked up by the service industry, which grow from 87.2% to 92.9% (+5.7%). As compare to Statistical Table 2, which is same table, only display in the US dollar value, evidently display Hong Kong's trend to further become service industry oriented economy instead of retaining its manufacturing capability. Further, according to Statistical Table 2, the actual output of manufacturing sector had dropped year by year since year 2000, except the year 2004, 2005, and 2006. Notice that the effective date of CEPA was on July 1, 2003, its effectiveness only postpone the continue downfall of Hong Kong's declining manufacturing sector. Statistical Table 4 and Statistical Table 5 exhibit the parallel decline of Hong Kong domestic product export, from the 28,118 million US dollar in 1997 gradually decline to 16,225 million US dollar in 2003, the year that CEPA become effective. However, to the manufacturing sector of Hong Kong, the benefit of CEPA only lasted three years, from 2004 to 2006 with the  $X \geq 30\%$  value added content rule on FOB price under CEPA), then resumed on its decline path. Thus, the manufacturing sector in Hong Kong had become nearly nonexistence, or only in the minimum level that can only support the local requirement, as it shown on the Statistical Table 2 where the service sector had become the focal economic activity for GDP and growth with 92.9%.

The unemployment rate in Hong Kong tells another story. According to Statistical Table 6, the unemployment rate in Hong Kong prior to 1997 was around below 3.2% at 1995. It dropped to 2.2% in the year 1997, and suddenly over doubled to 4.7% in 1998 and continued to grow. The peak of unemployment rate for Hong Kong was in the year 2003 where it reached 7.9% and then began to decline gradually to 3.4% in year 2011. Since CEPA went on effective

on July 1, of 2003, apparently CEPA really did help Hong Kong on its unemployment rate management.

**Figure 2, Hong Kong Unemployment Rate**



[http://www.censtatd.gov.hk/hong\\_kong\\_statistics/index.jsp](http://www.censtatd.gov.hk/hong_kong_statistics/index.jsp)

Then, in what way did the CEPA assist in Hong Kong economy as well as management on unemployment rate? According to Statistical Table 7, which shows that the change in percentage share in GDP of four key service industries, which are financial services, tourism, trading and logistics, and professional services and other producer services, in Hong Kong economy since 2000, that the percentage grow 3% from 48.9% of GD in 2000 to 51.9% of GDP in 2003, and grow nearly another 6% to 59.8% of GDP in 2007 and 58% in 2010.

Through effect of the CEPA, the foreign direct investment in Hong Kong increased, too. The Statistical Table 8 showed the inflow amount of direct foreign investment peaked in the year 2000 to 64.3 billion US dollar from 15.3 billion in 1998, and suffered a significant decline, 24.7 billion US dollar in 2001, 10.1 billion US dollar in 2002. Fortunately, as CEPA went on into effect on July 1, 2003, the decline in inflow of foreign direct investment finally had a bounce, to 14.2 billion US dollar in 2003, more than double in 2004 to 35.3 billion US dollar. Since then, the inflow of foreign direct investment continue to grow and reached it height in 552.2 billion US dollar in 2010.

It took 18 month to conclude the main text and six annex of CEPA, and another eight years to settle the eight supplements to the CEPA. As the time goes by and the economic integration between China and Hong Kong deepen, there will probably more supplements of CEPA coming. The trade in both in goods and services between the two sides were not equal to begin with, since Hong Kong is a free port and most of the goods it imports are tariff free while China imposes tariffs. The result of CEPA, under the clause for economic integration, simply made the trade in goods “fair” that is, free of tariff on trade and other nontrade barriers. One must notice that China began its “Reform and Opening Up” process since 1978 and the progress on China’s economic development is fast beyond anyone’s expectation. The development was not just on the quantity but also on the quality of the trade.

Hong Kong, given its colonial heritage, serve as the key entry port to China for British and other Western countries since 1842 [23], become the key port to enter into Chinese market after the World War II, is the primary victim of rapid economic development in China, especially from the southern costal part of China. The decline of Hong Kong economic development came after the unification with China in 1997 and actually decline further after China’s successful accession to WTO in January1, 2002 [24]. One vital issue is that via WTO clause, China lowered its tariff on trade and nontrade barriers to the WTO member and subsequently to cause China

market and industry to globalize. Since then, the firms from all over the world are able to bypass Hong Kong as primary “gateway” to access China market. Another vital issue is the emergence of major financial and manufacturing zones in China, for instance, the greater Shanghai area is becoming the new financial center and manufacturing center in China. Firms around the world no longer have to rely on Hong Kong to access China market or for consultation of direct investment. To put it in the simple way, the rapid developments of Chinese economic development reduce foreign firm’s reliance of Hong Kong and thus cause the economic development in Hong Kong to decline.

The introduction of CEPA offered Hong Kong an opportunity to grow again. Despite China liberates all of its tariff on Hong Kong’s domestically produced goods, it is the liberation to access to service trade sector and liberation of service trade barrier that rescued Hong Kong from economic decline. With CEPA, Hong Kong will continue to be the gateways for foreign firm that wish to access China market as Hong Kong continue to offer its professional expertise in service trade. Now that Hong Kong is deeply integrated with Chinese economy, economic disaster from other parts of the world such Europe debt crisis can no longer harm Hong Kong economy as much. It is now the economic development in China will influence more than any place else.

#### **4.2 Taiwan Economic Development Prior to WTO Membership**

There are several events that had significant influence to economy, industry, and business firms; and they are:

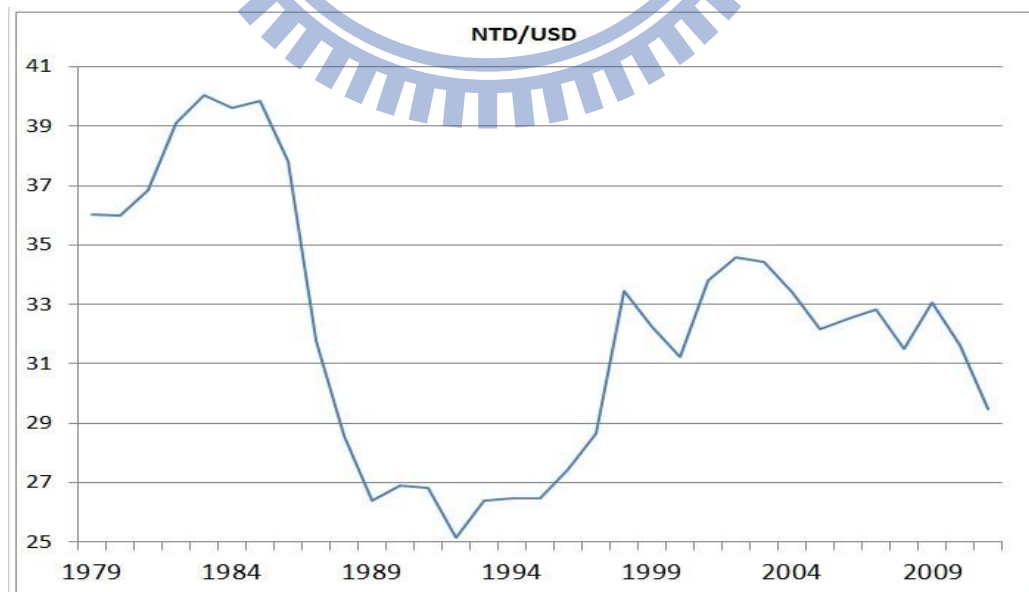
1. China began with “Reform and Opening Up” process in 1978.
2. The impact of Plaza Accord in 1985 [6].
3. The Accession to Asia-Pacific Economic Cooperation (APEC) in 1991 and become an active member [7].



4. Officially become an observer in the GATT in the year 1995.
5. The financial crisis in Southeast Asia on the year 1998.
6. The internet bubble or the Dotcom Bubble Burst, which took place in the year 2000.
7. Successful accession to WTO in January of 2002 of both Taiwan and China.
8. The 2008~2009 global financial crisis.
9. Sign ECFA with mainland China on Jun 29, 2010, become effective on Jan. 1, 2011.

It all began with the impact of Plaza Accord of 1985. Through the Plaza Accord, the U.S. government set an implicit target zone of currency fluctuation for East Asian countries in a bid to bring down what was seen as overvalued U.S. dollar, which stirred a wave of monetary realignments in the region (Chu & Lee, 2012). Although the primary target was to appreciate Japanese Yen at the time, the subsequent impact was that the value of New Taiwan Dollar (NTD) was drastically appreciated against U.S. dollar, from nearly 40:1 in 1985 to close to 26:1 in 1990, a near 32.5% appreciation. The historical flotation of NTD against U.S. dollar is show in the Figure 3.

**Figure 3, NT Dollar Exchange Rate**



Source: <http://3.bp.blogspot.com> [17]

Appreciation of Taiwan currency (New Taiwan Dollar, NTD) occur in relatively very short time, and the labor insensitive manufacture industries in Taiwan such as textile can no longer rely on low labor cost that's based on low exchange rate. For example, the of the number of registered textile factories as shown in Statistical Table 9 peaked in 1989 and followed with two decades long decline, from 9,148 in 1988 to 4,831 in 2010, and the similar pattern also occur to other categories in the same given table such as chemicals and ceramics. Parallel to the phenomena, in Statistical Table 10, which displays the composition of GDP, also reflect the same situation that the contribution of GDP from industry and manufacturing peaked on 1988 with 42.9% and 34.57% respectively, and then began to decline. With such a strong currency appreciation, Taiwan trade regimes began to invest outside of Taiwan, a sudden transition from foreign investment inflowing receiving country to foreign direct investment inflowing and outflowing country. Also the trade regime realizes a fatal issue, their international political status and lack of formal membership of international trade organizations crippled them from foreign investment protection and international investment and trade facilitation. Therefore, Taiwan trade regimes began to contemplate and take measure and actions to deal with such economic situation and to seek further foreign investment protection and foreign trade opportunity.

The first two steps were accession to APEC, which began to form January of 1989, by Australian Prime Minister Bob Hawke, to call for more effective economic cooperation across the Pacific Rim region, had just found in time; and accession to GATT in 1990 [25]. The Accession to APEC in 1991 allowed Taiwan to envision the important of regional integration and the advantage and importance of signing bilateral trade and traded related agreements with its neighboring countries and its trading partners. However, since Taiwan was not a member of international trade association, the GATT at the time, Taiwan was not able to conclude any significant bilateral or multilateral trade agreement with any country. It was just too difficult and complex to do so without preconditioned rules provided by the GATT/WTO clauses such as

Article XXIV. Therefore, what Taiwan trade regime did was to take actions and implement better measures to become one of the members of the GATT/WTO.

The second step was accession to be to become an observer in GATT, under the separate custom territory of Taiwan, Penghu, Kinmen, and Matsu, bypassing the political status issue. The significance is such motion symbolize acceptance and acknowledgment by majority of trading bodies in the international arena to Taiwanese trade regime. Observer-ship in GATT is a sincere demonstration of Taiwan in four aspects to the international trading bodies. First of all, it means Taiwan's willingness to exercise fair trade and open its markets, although Taiwanese domestic market and consumption is relatively small in comparison to major trading the GATT. Second, it demonstrates Taiwan's willingness to learn and participate in the function, result trade dispute, and enhance trade progress through international trade community organization, which is the GATT/WTO. Thirdly, it shows Taiwan's willingness and seriousness to take measures to change its internal policy and regulation to cope with GATT/WTO standards. That is, lower its import tariff, gradually lift its non-tariff barriers to GATT/WTO standards, update its intellectual property right protection that parallels WTO standard and reduce domestic support on farm products [25]. Finally, Taiwan trade regime recognizes its economic status in the international arena that it cannot be left out in the progress of regional economic integration and the globalization of trade.

Being successful to file its accession to WTO is very important to Taiwanese economy. Not only it is an official reorganization by international trading bodies that Taiwan is one of the members, the membership also enable Taiwan to speak for itself, especially in the international trade arena. Also it allows Taiwan to expand its export, inviting more foreign investments, and protect its oversea investments as well other international trade related rights such as intellectual property rights and enjoy health and safety regulations that's predetermined by WTO terms. Further, Taiwan can utilize WTO Article XXIV and GATS Article V to negotiate preferential

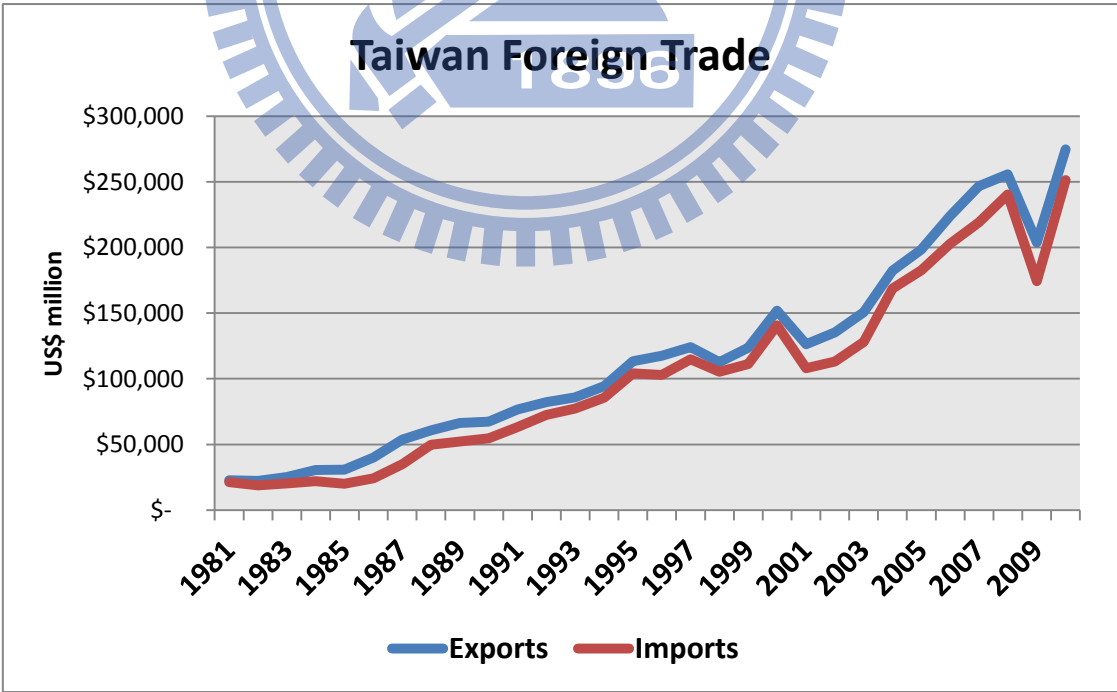
trade terms with specific WTO member or free trade agreement. In another word, successful accession to WTO is the major milestone for Taiwan. An opportunity to its economy, industry, and business firms to globalize and to integrate with any regional economies or major trading partners that it is with, the East and Western side of the Pacific Ocean, or the rest of the world.

Over all, for Taiwan, there are more to gain than more to lose. Prior to accession of WTO, agriculture sector and industrial sector are already no longer a significant sector to Taiwan economy as they were it was back in 1950s and 1960s. The anchors the national economy are the service sector, which accounts over 67.8% of the GDP, and follow by the industrial sector, which accounts for 30.38% of the GDP, as show on Statistical Table 10. In addition, both industrial sector and service sector are more competition oriented which are based professional knowledge and technological expertise, therefore likely to be benefited by the enlargement of number of global trading partners and lower global trade barriers. The GDP provided by the agriculture sector had dropped to 1.82% in year 2002, down from 7.33% in the year 1981, as according to Statistical Table 10. The GDP provide by the industry sector also declined to 35.84% in year 2002, from 43.86% in 1981. The GDP provided by the service sector grown to 67.8% in 2002, up from 48.81% in 1981, excluding the public spending administration and defense. Also, as show on the Statistical Table 10, after the accession to WTO in 2002, the contribution of GDP by all sectors state relatively stable through the year 2010.

The accession to WTO also caused Taiwanese firms to innovate and expand their productions. According to Statistical Table 9, while the total number of registered factories suffered a significant drop from 98,865 to 90,751 after 2003, the unemployment rate in Taiwan had stable declined from peak of 4.99% from year 2000 to 3.91% in 2007 as in Statistical Table 10. Notice that there was a global recession that caused by the internet bubble, which took place in the year 2000 for a short term recession (Amadeo 2012). It was not until the global financial crisis of 2008 did the unemployment rate in Taiwan surged again, to 4.14% in 2008, and after

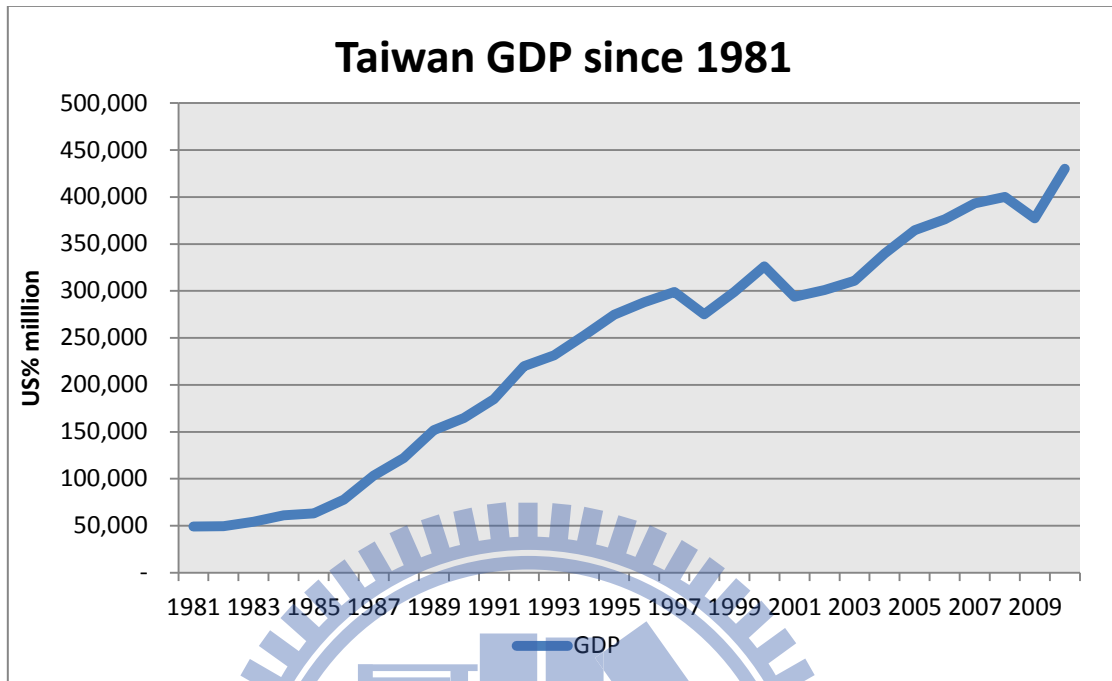
effect of unemployment rate of 5.85% in 2009. The Statistical Table 9 also show that the number of registered factories for machinery & tool sector showed a similar result that it peaked in 2003 with 35,540 registrations then displayed a continued decline until 2010. Nevertheless, according to Statistical Table 11 the export in dollar volume for the machinery sector had grown 74.64% from 2002 to 2010, up from 9,577.1 million U.S. dollar to 16,725.4 million U.S. dollar, and the precision instruments sector had also grown 376.71% from 2002 to 2010, from 4,955.5 million U.S. dollar to 23,623.6 million U.S. dollar. The total over all import and export trade volume and national GDP continue to grow, too, after the accession to WTO in 2002. According the following 2 figures, which are based on data provided by Statistical Table 12 and Statistical Table 13, Taiwan economy status only crippled by three global events since 1995, first is the 1998 Southeast Asian financial crisis, second is the internet bubble that caused global economic crisis in the year 2000, and finally the 2008~2009 global financial crisis.

**Figure 4, Taiwan Foreign Trade**



Source: Resource: Taiwan Statistical Data Book 2011

**Figure 5, Taiwan GDP**



Source: Resource: Taiwan Statistical Data Book 2011

#### **4.3 Backgrounds and Policies on Trade and Investment with China**

While the appreciation of Taiwan currency, the New Taiwan Dollar (NTD), was taking place, another significant event that had happened to Taiwan was its liberation from Martial Law in 1987 [10]. During the Martial Law era, Taiwanese nationals who were found in contact with Chinese from Mainland China may be prosecuted for treason or spy under the direction of national security. Therefore, with the lifting of martial law, Taiwanese nationals were permitted to visit China for the first time since the end of the civil war in 1949. With the liberation from Martial Law, combined with capital outflows in the context of the appreciation of the NTD following the 1985 Plaza Accords, significant investment and trade opportunities with China had coming to an age (Fuller 2008).

In the beginning, as of 1989, Taiwan only issue regulations permitting indirect trade, investment, and technical cooperation with Mainland China. Nevertheless, with growing number of investment flows to China, the Taiwanese government decided to increase its supervision of flows of technology and capital to China by requiring that all investments over 1 million U.S. dollar be registered with the Ministry of Economic Affairs' (MoEA) Investment Commission in 1990. Thus, the official record of trade and investment between Taiwan and China began from that year. In March 22, 1996, in the face of continuing investment in China, including from Taiwan's prized electronics sector, Taiwan government announced the Jieji Yongren 戒急用忍 (No Haste, Be Patient) policy that introduced new regulatory hurdles for investment in the mainland. Investment was capped at \$50 million U.S. dollar for each investment, and technology-sector investment had to be approved on a case-by-case basis [15]. From year 2000 and on, because the sectorial shift of investment, whereas in the early years, investments are of mix sectors, electronics industry had come to dominate the Taiwanese investment in China as show by figures in Statistical Table 14. Such situation worried the Taiwan government, moreover, Taiwanese firms was the increasing investment in higher value-added parts of the electronics industry from the late 1990s onward. On November 11, 2001, Taiwan government announced Jiji Kaifang, Youxiao Guanli 積極開放有效管理 (Active Opening, Effective Management) policy toward economic integration with China. The liberalization measures announced were substantial: the US\$50 million investment cap was scrapped, the investment cap was lifted to equal 40% of a firm's total worth, direct investment was permitted, the bar requiring investment approval was raised to US\$20 million, and the prohibited investments list was reduced [14]. However, some of the measures took time to implement, and it was not very clear which prohibited items would be legalized. Conflicts between government and business over the details played out across several sub-sectors of electronics. The end result was still partial

liberalization with continued restrictions or clarifications of restrictions. This compromise gave the business community some of what it wanted while partially assuaging the government's concerns about hollowing out industries in Taiwan.

On March, 22 of 2006, Taiwanese government announced another change in economic policy by shifting the focus and scrambling the words of previous policy. The new policy was Youxiao Kaifang, Jiji Guanli 有效開放積極管理 (Effective Opening, Active Management) and promised a tightening up of actual supervision of Taiwanese investment in China [13]. Further trade and investment liberalization, as pushed for by Taiwanese business community thus reached a deadlock. The situation did not have much significant change until the negotiation of ECFA with China had begun in 2010 and subsequently, implement in 2011.

#### **4.4 Trade and Investment Development From 1991~2010**

Since Taiwan was under the direction of Martial Law prior to 1987, and under that law Taiwan business firms may not conduct trade or investment activities with China openly, whether directly or indirectly. Hong Kong, at the time, still a British colony, which just located at Southeastern part of China, was the prime stepping stone for firms around the world to conduct trade and investment activities in East Asia, and that includes Taiwan and China. As “Reform and Opening up” of China began in 1978, Hong Kong become the “gateway” for firms wish to make entry into China. As Taiwan lifts its Martial Law in 1987, Taiwanese business firms are able to conduct trade and investment activity indirectly with China via Hong Kong, and to this day the status did not change much. There are only limited direct link between Taiwan and China in terms of direct investment, direct trade, and direct freight, due to the ongoing political tension since 1949.



First of all, the trade and investment in the general terms, according to Statistical Table 15, the trade between Taiwan and China had grown since 1991. The average growth rate from Taiwan export to China averaged 17.38% growth over 20 years, from 7,493.5 million U.S. dollar to 84,832.2 million U.S. dollar, while import from China to Taiwan had an average growth of 28.58%, from 293.2 million U.S. dollar to 35,952.2 million U.S. dollar, from year 1991 to year 2000. The registered Taiwan investment to China had begun from 1991 as the Taiwan government began its regulation. Until 2010, there are total 38,685 cases and sum of 37,321,919.7 million U.S. dollar in investment with average growth rate of 90.85%.

In terms of export to China, Taiwan government has almost no control of it. There are only two events that have significant influence; they are: the Southeast Asian financial crisis of 1998 and the global financial crisis that lasted from 2008 to 2009 where the only two global events that cause negative growth in export to China. The evidence shows that change in Taiwan regulation policy can only stalled the growth in the minimum level. Imports, on the other hand, is also influence by the two financial crises but also was significantly influenced by the No Haste, Be Patient policy of 1996. Otherwise, the trade volume Taiwan and China simply continue to grow. According to Statistical Table 16, if the import and export trade value with China were to be deducted from the record, Taiwan will actually experience trade deficit since 1992, an important evidence of how much Chinese market is essential to Taiwanese economy and how early the situation had begun.

In terms of investment policy, each time, after Taiwan government announced it regulating policy, there is a significant change in the investment behavior. In 1996, after Taiwan government announced No Haste, Be Patient policy the investment volume jumped again, to 252.6%, from 1,229.2 million U.S. dollar in 1996 to 4,334.3 million U.S. dollar in 1997, and the number of case registration jumped from 383 cases to 8,275 cases. As with the “Active Opening Effective Management” policy toward economic integration with China that announced on

November 11, 2001, the investment volume jumped again, to 141.48%, from 2,784.1 million U.S. dollar in 2001 to 6,723.1 million U.S. dollar, and the number of case registration jumped from 1,186 cases to 3,116 cases. Even, prior to the global financial crisis of 2008, Taiwanese government announced a change in economic policy of Effective Opening, Active Management that promised a tightening up of actual supervision of Taiwanese investment in China in 2006, the rapid growth did not hold back, however. The registered investment still reach 14,617.9 million U.S. dollar in 2010 verse 10,691.4 million U.S. dollar in 2008, a 36.73% increase.

Looking back from 1991, on the Statistical Table 9, the total number of registered factories in Taiwan factor began to fluctuate between +3.19% and -1.81%. It wasn't until Taiwan's successful accession to WTO in 2003, did the total number of registered factories in Taiwan began to decline. During the period between 1991~2002, within the nine categories provided by the Statistical Table 9, only Metal, Machinery and Tools, and Printing & Book-Binding, three categories sustained growth, and all other categories in Statistical Table 9 experienced decline, an evidence of Taiwanese firms shifting from labor intensive to capital and technological intensive industry and manufacturing sector. The situation can further displayed as after accession to WTO in January of 2002, only Metal Sector sustained growth after 2006, and all other eight categories sustained decline, especially the machinery and tools. According to Statistical Table 14, Statistical Table 14-1, and Statistical Table 14-2, from 1991 to 2010 among all approved indirect industrial investments in China by Taiwanese firm, the top four categories are Electronic Parts and Components Manufacturing tops with 2,502 registered cases and 19,068.3 million U.S. dollar; Computer, Electronic and Optical Products Manufacturing with 2,687 cases and 14,124.3 million U.S. dollar; Electrical Equipment Manufacturing with 3,002 registered cases and 8,237.8 million U.S. dollar; and Basic Industries and Fabricated Metal Products Manufacturing with 3,185 registered cases and 777.8 million U.S. dollar. The sum of these top four investment categories accounted for more than half of the Taiwanese investment in

China since 1999, except in 2003 with 42.12%. Above all, the Statistical Table 15 also shown that although the number of registered case by be dropping, the size of investment had gone up since 2007, an alarming signal.

As with the investment restrictions, usually it is Taiwan that imposes restriction measure on investment in China rather the other way around. Prior to China's accession to WTO, Taiwanese investment was even encouraged that, China granted Taiwanese investors preferential treatment in order to attract capital from Taiwan. This treatment is dubbed a "super national treatment" because it encompasses tax preferences to which Chinese enterprises are not entitled. China has gradually removed such preferential treatment during its transition period following WTO accession because it is inconsistent with the national treatment principle under the WTO Agreement on Trade-Related Investment Measures (TRIMs Agreement) (Hsieh 2011).

Nevertheless, when comparing the contribution of GDP by industry sector, which including the manufacturing, of Statistical Table10, Taiwan trade regime had apparently postpone the hollowing of manufacturing industry in Taiwan industry sector quite well. As show on Statistical Table 10, the contribution of GDP from industry peaked in the year 1986 with 45.83% and then experience decline all the way through 2002, with 30.38%, yet with successful accession of WTO in January 2002, the contribution had grown slowly to 31.12% and remained rather stable through the years. Only the under the influence 2008~2009 global financial crisis had the GDP contribution from manufacturing experienced temporary decline. When compare the same number during the same given year of 2008 with countries listed in Statistical Table 17, Taiwan retain its industrial sector in composition of GDP almost in line with Germany, Japan, and Austria; and in much better industrial position than United Kingdom, United State, France, and Netherlands. The similar story can also be applied in the case of unemployment rate in against other major industrial countries as shown on Statistical Table 18.

#### **4.5 What ECFA has (not) Achieved Thus Far**

The signing of ECFA between Taiwan and China is a breakthrough in the challenge faced by the Taiwan economy. As there were 15 agreements signed between Taiwan and China during the similar manner with dialogue semi-official representatives from both sides [36], none of them has such important impacts. Notice that, ECFA is the only agreement signed under the internationally agreed framework that may involve the third party arbitration, which is the WTO, while all other agreements were consider “private agreements” between the two parties. The signing of ECFA is a milestone, as it provides the international protection on basis for liberalization in goods and services trade across the Taiwan Strait and signifies the start of preferential trade relation between Taiwan and China. Now with ECFA signed and in effect, Taiwan is facing new opportunities and challenges.

##### **4.5.1 Trade in Goods**

It is worth noting that the Early Harvest Program under ECFA that, only 267 items export from China to Taiwan and 539 items export items from Taiwan to China on trade in goods were liberated over the three year periods. Based on the trade data of 2009, the aggregate value of the 539 Early Harvest concessions by made China items accounts for 16.15% of total import from Taiwan to China, while the 267 Early Harvest concessions made by Taiwan to China accounts for 10.54% of total import from China to Taiwan. Yet, majority of traded goods across the Taiwan Strait still face tariffs and other forms of restrictions as mentioned in the section 3.6.

According Statistical Table 19, which provide export data 18 month after the agreement went into effect. The overall export growth rate from Taiwan to China grown only 9.1% during the first 12 month and experience -9.7% growth during the first quarter of the second year, while the overall export growth rate in 2011 was 12.3%, and the first quarter of year 2012 was -4.7% which is worse off in trade. Compare to the growth in the previous years, such as 2006 and 2007,

the effect isn't exactly as positive as it so claimed. According to Statistical Table 19-2 that China has already account for more than 23.1% of overall export since year 2006, which is the single largest market for Taiwan exports. Further, just right before the ECFA went into effect, China as a market is account for 28% of Taiwan exports, and that is without the benefit of ECFA for Taiwan's export. This also under the condition that China impost almost no restrictions no Taiwan imports, and ECFA will only "lower the tariff" on Taiwanese imports to China. The benefit created by ECFA on Taiwan export seems minimal.

Similar in terms of import, as shown on the Statistical Table 20, while imports, from China, as show on Statistical Table 20, continue to grow in the similar rate like the year 2006 at 21.3% during the first 12 month, but mimic the export, during the first quarter of second year - 6.2% growth were experienced while the average growth of overall import in the first quarter of 2012 was -3.8%, also worse off in trade. Also according to Statistical Table 20-2 that China accounts for 12.2% of import source to Taiwan since 2006, and is the number 2 import source for Taiwan next to Japan. Such trading position was without the benefit of ECFA and was given the fact that Taiwan restricts majority of Chinese import under the security reason. Yet, as ECFA went into effect, Taiwan not only "lowered the tariff" but also will reduce the number of restricted import items from China although majority of Chinese goods are still under restriction. The figure for the year 2011 year, with 21.3% growth rate on Statistical Table 20 on Chinese imports demonstrates this phenomenon. According to Statistical Table 20-2, while most import sources drops their shares in Taiwan, Chinese import had grown 1.2% to 15.5% in overall import shares. Nevertheless, on the first quarter of the second year, the overall shares of Chinese import drops to 14.8%. Therefore, should there be more supplemental negotiations to ECFA, like the CEPA, Taiwan will ultimately lift restriction on all of Chinese imports, in which suggests that there will not be just more Chinese imports to Taiwan, Taiwan may not be enjoy its trade surplus with China much longer in the future.

Another issue under the Early Harvest of Trade in Goods is the Rule of Origin. It is questionable how much industry in Taiwan or China may be benefited from it. As the Regional Value Content from Annex II, Article 6, require that VNM, the value of all non-originating materials, adjusted based on CIF(cost insurance and freight), may not exceed ten percent ( $X \leq 10\%$ ) of the FOB value of the given good to consider local content. In another word, the regional content requirement is high as 90% or above. That means ECFA do not encourage the value-added content, labor costs and product development costs that may inclusively incurred in Taiwan. It is a form of discouragement of foreign direct investments to invest either in Taiwan or China and utilize the benefit of economic integration to access other side's market. Perhaps Taiwan market is too small to be accessed, but it is market in China that is the key issue. With only 539 items listed in the Early Harvest Program, only the existing firms that is producing the Early Harvest product that will be benefit and discourage foreign new entrants to take the advantage of the Early Harvest Program to cultivate to the market in China. Also, from the Hong Kong experience, even though the requirement on Rule of Origin is liberal that so long as value-added content development costs that are inclusively incurred in Hong Kong is greater than or equal to 30% ( $X \geq 30\%$ ) of the FOB value, industries in Hong Kong to sustain and growth for only three years after CEPA had went into effect. Not to mention, with the renegotiation of the supplement, all products that's produced in Hong Kong are free of tariff to export to China.

#### **4.5.2 Trade in Service**

ECFA initially only liberate limited number of 8 business service and one financial service sector liberated from Taiwan and 8 business services and three financial services sectors liberated from China. It will take some more years to actually measure and compare with before and after effect of the ECFA, when consider the fact that liberated service sector had never been

directly performed in the past and much of them were performed via third country such as Hong Kong.

Another matter that is worth attention is that accounting, auditing and bookkeeping related firms in Taiwan is now allowed setup their fully own branch and provide their services in China, a breakthrough for Taiwan service industry. Indeed, such liberation of trade in services is implicitly to place business operation under certain transparency in process. Furthermore, China also liberates insurance and related services, securities, futures and other related services to Taiwan, while Taiwan continue to restrict Chinese firms from entering in to these service sectors. Finally, since the liberation of trade in service is unprecedented in the cross strait trade, firms from both sides are yet to adjust them self or to receive permits to begin their operation. Especially for the financial sector, with one year representative office to formal establishment requirement from Taiwan side and one year representative office and at least two years of operation with profitable operation in the preceding year before application from China side, the implications are yet to be realized and therefore related data are yet to be released. Thus, it is still early to make a fair estimate of impact as well as implication on services industries on Taiwan over ECFA.

#### **4.5.3 Trade Dispute Mechanism**

The immediate impact thus far is the creation of trade dispute settlement mechanism of the Cross-Straits Economic Cooperation Committee. Both Taiwan and China do not have to go through WTO tribunals to settle the trade dispute or justify the trade remedies between them. As for China, settle trade dispute with Taiwan via WTO tribunals may the political risk of recognition of Taiwan being equal and reciprocal position therefore loses its sovereign assertion over Taiwan in the future. On the other hand, Taiwan does not have to lift its restriction on 865 agricultural products and 1, 377 industrial products from China that is based on security and



commercial grounds [26], which is WTO inconsistent. Still, it is clear that both Taiwan and China bypass the sovereignty dispute issue with the creation of Cross-Straits Economic Cooperation Committee. Taiwan compromise the great possibility of claimed its own sovereignty right through ruling of the WTO tribunals through trade issues.

Finally, there is no clear schedule or time table on how soon and in what degree on the progress of ECFA related negotiation. The only thing can be sure is that both Taiwan and China are eager to reengage in such negotiations expeditiously to follow up on the ECFA (Article 5), and (Lue 2012), and there are at least four categories waiting to be resolved (Zhao 2012). By range of trade in goods and trade in service involved, ECFA is yet to be qualify as a full range FTA; rather, it is a platform that may lead to such result if more supplements like the CEPA can be reached between Taiwan and China in the future.





## 5. The Trend in Regional Integrations (FTAs)

As mentioned earlier in this case study, the trend of regional economic integration was started off by U.S. –Canada FTA that was signed on 1988. The development of regional FTAs have since then widely proliferated around the world. In the past two decades, such proliferation of FTAs to promote regional economic integration has also been observed in East Asia. There are important international trading bodies in East Asia region and that includes China, Japan, South Korea, and Taiwan, as well as other countries in the Southeast Asia. The most important regional integration in the East Asia is of the formation of Association of South East Asian Free Trade Area (ASEAN FTA), which includes Brunei Darussalam, Cambodia, Indonesia, Lao, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam. East Asian countries' enthusiasm for bilateral agreements is palpable, and they have reason to want to bolster intra-Asian trade. The growth of global supply chains means that parts made in one East Asian country from raw materials imported from another are re-exported to a third for final assembly. These countries hope that more bilateral agreements will enable more specialization as emerging East Asia will continue to be the world's fastest-growing region for several years [27].

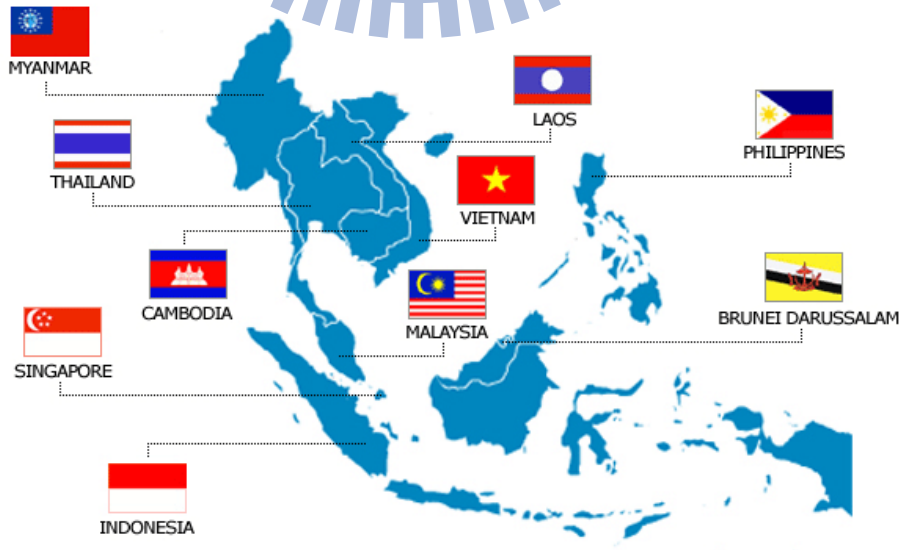
The most active country in East Asian regional integration would be Japan, and followed by South Korea and China. While Japan primarily signs FTA with ASEAN and selected individual members of the ASEAN states, South Korea went a few steps forward to sign FTA with India, United States, European Union and countries in South America, the MERCOSUR member states. The third runner up in the region is China, which is also integrating with countries within the East Asia geographical region while also negotiating on integration with countries in other region such as EU and South America, much liked the South Korea. Nevertheless, the one FTA that started off the domino effect of formation of FTAs in the East Asian region is the ASEAN Free Trade Area, which went on effect on January 28, 1992 [28].

According to that Statistical Table 21, there are now as many as 55 FTAs officially in effect and 15 FTAs under negotiation involving countries within the geographic region and with countries outside the geographic region a show on Statistical Table 22. In addition, China, Japan, and South Korea had just announced that they are beginning to negotiations on trilateral FTA (Zheng 2012). Taiwan is also negotiating with Singapore, New Zealand (Chou 2012) and Unites States (Li 2012).

The latest FTA entry in the region, according to WTO notification, is the South Korea-United States FTA which went on effect on March 15, 2012. However, the most significant signatory in the East Asia region is the ASEAN. This due to the fact that ASEAN countries had experienced respectable economic recovery and growth since the Southeast Asia financial crisis and had adopted The ASEAN Vision 2020 on 1997 [28], and the effect of the Cebu Declaration on the Acceleration on the Establishment of an ASEAN Community by 2015 [29] and thus receives most invitation of economic integration within the region.

**5.1 Formation of the ASEAN Free Trade Area**

**Figure 6, Map of ASEAN States**



Source: <http://aseancornersmtm.wordpress.com/>

The Association of Southeast Asian Nations (ASEAN), was established on August 8, 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration) by the by five countries in Southeastern Asia, namely Indonesia, Malaysia, Philippines, Singapore and Thailand. Subsequently, seventeen years after the initial formation, on January 7, 1984, Brunei Darussalam joined ASEAN and become a member. Viet Nam joined ASEAN and become a member on July 28, 1995. Laos PDR and Myanmar both joined ASEAN and become members on 23 July 1997. Finally, Cambodia joined ASEAN and become a member on April 30, 1999 which is the configuration of what are today the ten member states of ASEAN [30].

Although at the time ASEAN was the establishment of the purpose is to promote the spirit of equality and cooperation, jointly committed to the promotion of Southeast Asia's economic growth, social progress and cultural development, its fundamental intention is to bring together the forces aiming to halt the communist forces at the time, the political intention was much stronger the economic integration [5]. It was not until the fourth ASEAN Summit meeting that took place in Singapore and jointly signs the Framework Agreements on Enhancing ASEAN Economic Cooperation and Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area on January 28, 1992, did the ASEAN states officially began to form a free trade area.

Under the effect of these two agreement, ASEAN establish the ASEAN Free Trade Area using CEPT scheme as the main mechanism to establish the ASEAN Free Trade Area, and both stipulates the 15 years of time frame for the process to gradually began from January, 1993 [31, 32].

## 5.2 ASEAN Plus One(s) and ASEAN Plus Three

As in recent years, the ten-ASEAN states have been trying to create an ASEAN-centered free trade area in East Asia, and ASEAN sees itself as the core building block for an “ASEAN plus Three” or an “ASEAN plus One” (China, South Korea, and Japan) regional free trade area. The most influential one is the ASEAN plus mainland China which to develop a “China - ASEAN Free Trade Area” (CAFTA), which was established on January 1, 2005. It is also known as “ASEAN (10 +1),” given the fact that China is the largest economy in the East Asia region. The integration with Japan, the second largest economy in East Asia, was also established three year later and become effective on January 1, 2008. Finally on Jan. 1, 2010, integration between ASEAN and South Korea was also established. However, the ASEAN Plus process did not halt with just the these countries, ASEAN went further and signed the FTA with Australia-New Zealand and India, in which both FTAs also went on effect on Jan, 1, 2010.

ASEAN Plus Three (APT) cooperation was first begun in 1997, and it involves ASEAN countries and three other East Asian countries which are, China, South Korea and Japan. It was first articulated by Singapore Prime Minister Goh Chock Tong in Paris in October 1994 for initial Asia-Europe Meeting (ASEM) held in Bangkok in March 1996. After the idea of ASEM was approved by the ASEAN and EU in 1995, the ASEAN members then asked Japan, China, and South Korea to join them as the Asian representatives (Stubbs 2002).

The most significant development of ASEAN Plus Three (APT) thus far is the Chiang Mai Initiative (CMI) in May 2000. Under the APT, the CMI had developed three tracks. The first track consists of a series of bilateral currency swap agreements, or “strands of a spider’s web” of finance that was built on the expanded intra-ASEAN U.S. \$1 billion dollar standby swap arrangement. The second track is an agreement to exchange information on short-term capital movements in East Asia and institute an early warning system to make governments aware of any potential problems. The final track entails an exchange of views among the APT members on the

reforms that are needed to the international financial architecture. The consensus reached will provide the basis for recommendations to international forums on the issue (Stubbs 2002).

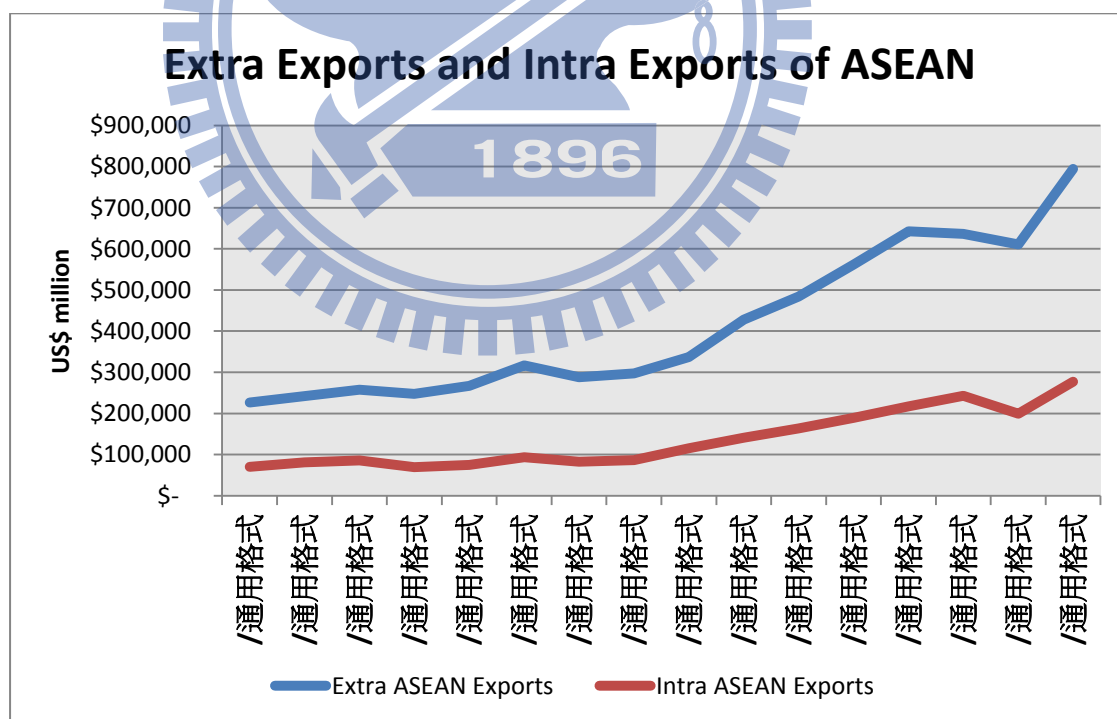
On October 24, 2009, during the 12th ASEAN plus Three summits, the CMI was enlarged to become the Chiang Mai Initiative Multilateral Agreements (Chiang Mai Initiative Multilateralization, CMIM) the total amount raised to \$120 billion U.S. dollar and the signee includes all member of APT. The purpose of CMIM is establishing a regional reserve pool; its core function is to provide financial support when a country experienced the difficulties of international balance of payments and short-term liquidity. In addition, reinforcement of existing international financial agreements, member states may exchange U.S. dollars in accordance with the certain procedures, regulations, and its currency. The CMIM is not only the APT's set of regional financial agreements; it is also a unity to face global financial crisis response, to show they are strong enough to stabilize the regional financial status [33]. The result of CMIM is to deepen the economic cooperation to prevent the recurrence of events such as Southeast Asia financial crisis of 1998 and the awareness of the global financial crisis of 2008.

### **5.3 ASEAN International Trade Structure**

In accordance with ASEAN statistics, ASEAN trade with the Plus Three countries seems strong. In 2010, total trade recorded an increased 28.9 per cent amounting to 533.3 billion U.S. dollar – which was higher than prior to the decline in 2009 – with exports and imports grew by 34.9 per cent and 23.5 per cent, respectively. Total trade with Plus Three countries accounted for 26.1 per cent share of ASEAN's total trade in 2010. The total foreign direct investment (FDI) flow from the Plus Three countries into ASEAN consistently on an upward trend, recording a surge of 62.4 percent, from 9.2 billion U.S. dollar in 2009 to 14.9 billion U.S. dollar in 2010. Foreign direct investment flow from the Plus Three countries accounted for one fifth of the total foreign direct investment flows into ASEAN in 2010 [34].

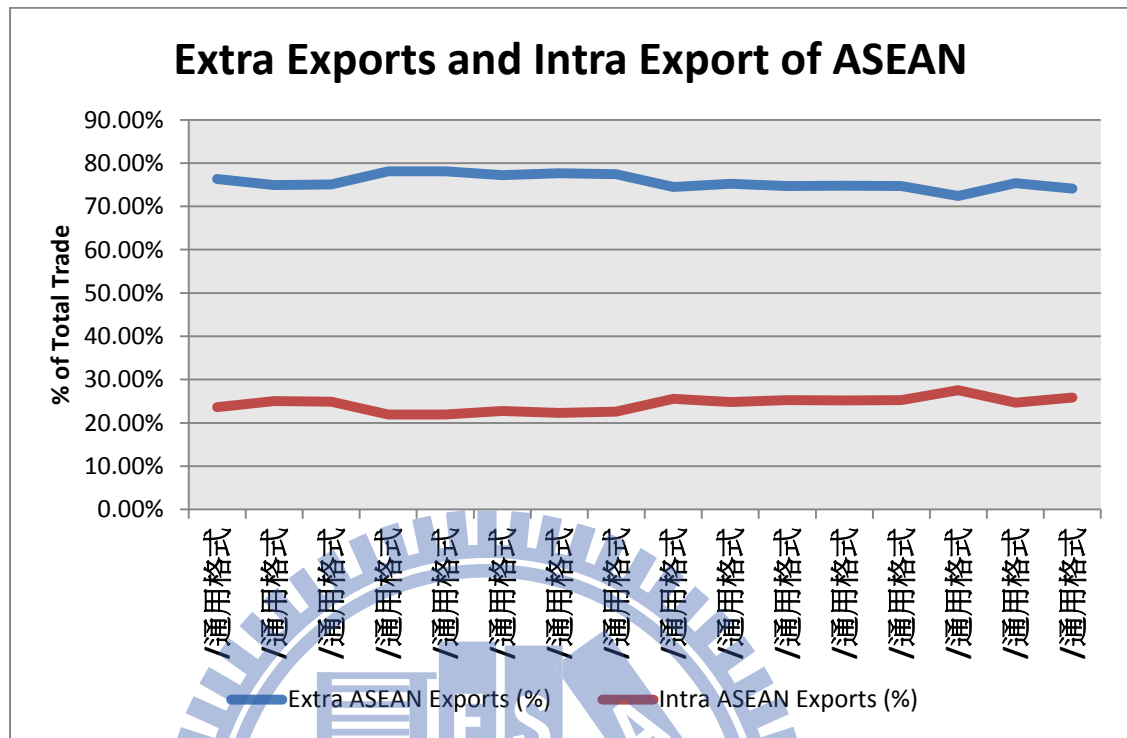
Nevertheless, according to Statistical Table 23, the trading structure of the ASEAN states tells another story. Majority of ASEAN states are extra-ASEAN trade or export oriented instead of being intra-ASEAN trade oriented. The weighting of extra-ASEAN trade averaged 74.6%. While Lao and Myanmar depend much of their trade on intra-ASEAN, which are 57.1% and 48.6% respectively, other eight ASEAN states depend fewer than 25.4% on intra-ASEAN trade. According to Statistical Table 24, the combined import and export trade with all ASEAN Plus One(s) countries were 31.0% and 32.4% and as with the ASEAN Plus Three countries, the combined import and export trade are 28.4% and 24.4% respectively. Further, by historical record, as according to Statistical Table 25, intra ASEAN trade remained relatively stable at 21.89% in 1999 and 27.58% in 2008. Even in the year 2010, the intra ASEAN trade remained at 25.86%.

**Figure 7, Extra Export and Intra Exports of ASEAN**



Source: ASEAN Statistical Year Book 2008, 2009, 2010.

**Figure, 8 Ratios of Extra Export and Intra Exports of ASEAN**



Source: ASEAN Statistical Year Book 2008, 2009, 2010.

In comparison with the intra and extra trade structure with the European and NAFTA that provided by the Eurostat from Statistical Table 26, trade structure of both European Union and NAFTA are import oriented economies with long term international trade deficits. An in European Union, the majority of trade activities are intra-EU oriented where import account for 38.2% of overall trade in EU and export accounts for 35.3% of overall trade in 2011 as show on Statistical Table 27 for import and Statistical Table 28 for export. Thus, in comparison with the EU trade structure, with an average of 25.4% on intra-trade and 74.6 on extra-trade as show on Statistical Table 25, the international trade structure in ASEAN FTA can clearly be qualify as export orientated trade block.



#### 5.4 Marginalization Effect

By definition, the term “Marginalization” generally describes the overt actions or tendencies of human societies whereby those perceived as being without desirability or function are removed or excluded (i.e., are "marginalized"...) from the prevalent systems of protection and integration, so limiting their opportunities and means for survival [19]. And that is exactly what had seems happen to country such as Taiwan which was technically excluded in the East Asia regional economic integration. Although Taiwan is a major player in the East Asia trading arena, Taiwan was not participated in the East Asia regional integration much. The cause of difficulty is, of course, the emergence of China as a regional political and economic power and its effort to isolate Taiwan politically or marginalize Taiwan economically in any which way it can. As mentioned in the earlier in this study that, China denies Taiwan being recognized by international organization as an independent state and therefore denies Taiwan’s accession to become member of any known internal organizations such as United Nation and Asia Development Bank. Moreover, for the same reason, Taiwan was denied by China by political and economic influence in the international trading arena to conclude any FTA with its major trading partners. Subsequently Taiwan can only conclude FTA with its five political allies in the Central America.

Even though the marginalization sounds with much intimidation, Taiwan’s trade figure in recent years tells another story. First of all, as mentioned earlier in this case study, domestic Taiwan market is too small and thus Taiwan depends on export for economic development as well as growth. Secondly, although the East Asian regional integration trend was first initiated by the formation ASEAN FTA in 1992, most of the FTAs in East Asia were signed and went into effect from November 30, 2002, when Japan-Singapore FTA went in to effect, and January 1, 2010, when ASEAN-South Korea FTA, ASEA-Australia, and ASEAN-India FTA went into effect.



According to Statistical Table 24, Taiwan accounts for 1.5% of ASEAN export and 1.9% of ASEAN export on the year 2010, also according to Statistical Table 19 where six major ASEAN states together accounts for 13.7% or 30.7 billion U.S. dollar of Taiwan export in 2006, nevertheless, the export volume had grown to 16.5% or 50.7 billion U.S. dollar of Taiwan export in 2010. That is 20 billion U.S. dollar or 65.15% more in trade expansion within five years. The imports from 6 major ASEAN states to Taiwan, on the other hand, according to Statistical Table 20, although the volume had grown through the years, from 23.3 billion U.S. dollar in 2006 to 32.6 billion U.S. dollar in 2011, a 9.3 billion U.S. dollar or 39.9% in trade expansion over five years, their share to Taiwan imports stays relatively stable at around 10.5% throughout the five years period.

The story of other two major trade partners in the East Asia region Japan and South Korea can also be toll. Taiwan's export to Japan although had grown from 16.3 billion U.S. dollar in 2006 to 18.2 billion U.S. dollar in 2011, the share of Taiwan export had declined from 7.3% to 5.9%, an evidence of slower growth that is lower than annual overall growth rate. Taiwan's export to South Korea also had grown from 7.2 billion U.S. dollar in 2006 to 12.4 billion U.S. dollar in 2011, a 72.2% growth over the five years, but the share of Taiwan export only grown from 3.2% to 4.0%, an evidence of growth rate that is higher than of annual overall growth rate. Taiwan's only trade partner in the East Asia region that had both growth on import and export on volume as well as relative total share is China. Export from Taiwan to China had grown from 51.8 billion U.S. dollar in 2006 to 84.0 billion U.S. dollar in 2011, a 62.16% growth, and the relative total share to Taiwan's export grown from 23.1% to 27.2%.

When considering the trade statistics from ASEAN side, as according to Statistical Table 30 and Statistical Table 31, which represent import and export trade data from 2009 and 2010 respectively, where trade with Taiwan was below 1.3% for export and below 1.7% for export in 2009, in 2010 export clime up to 1.5% for export and 1.9% for import, a clear evidence that

Taiwan is making trade expansion in ASEAN market even without the FTA with ASEAN or any one of the ASEAN member state.

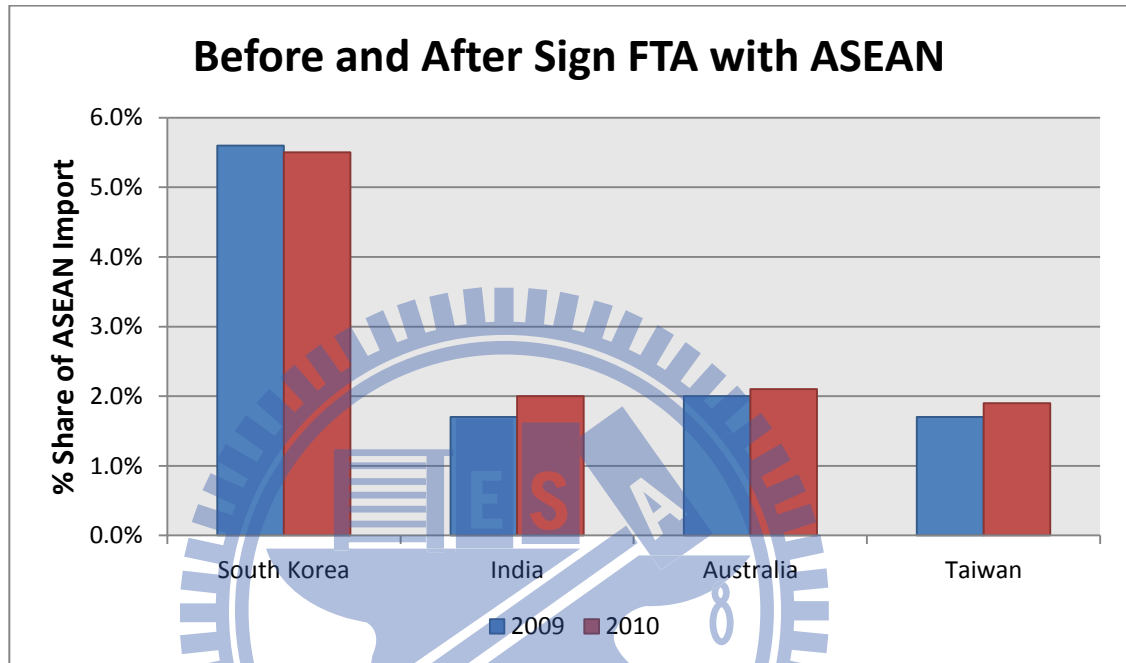
In the case with South Korea, prior to South Korea-ASEAN FTA had become effective, South Korea accounts for 4.2% or 34,292.9 million U.S. dollar of export destination and 5.6% or 40,447.4 million U.S. dollar of import source in the 2009. As with the FTA become effective in 2010, South Korea accounts for 4.2% or 44,980.1 million U.S. dollar of export destination and 5.5% or 53,648.2 million U.S. dollar of import source. Although the trade volume had increased 32.73% for import and 31.16% for export, the overall share of trade are similar after the FTA went on effect.

In the case with Australia, prior to Australia-ASEAN FTA had become effective, Australia accounts for 3.6% or 29,039.3 million U.S. dollar of export destination and 5.6% or 14,810.8 million U.S. dollar of import source in the year 2009. After the FTA become effective in 2010, Australia accounts for 2.1% of or 20,175.4 million U.S. dollar of export destination and 3.3% or 35,250.8 million U.S. dollar of import source. Both import and export trade volume had increased, 36.22% for import and 21.39% for export, the relative share of overall trade did not significantly change after the FTA went on effect.

In the case with India, prior to India-ASEAN FTA become effective, during the year 2009, India accounts for 3.3% or 26,520.3 million U.S. dollar of export destination and 1.7% or 12,595.5 million U.S. dollar of import source. As with the FTA become effective in 2010, India accounts for 3.4% of or 36,028.7 million U.S. dollar of export destination and 2.0% or 19144.7 million U.S. dollar of import source. Just like the case with South Korea, the trade volume also had increased, 32.73% for import and 31.16% for export, but the relative shares of trade are similar after the FTA went on effect.

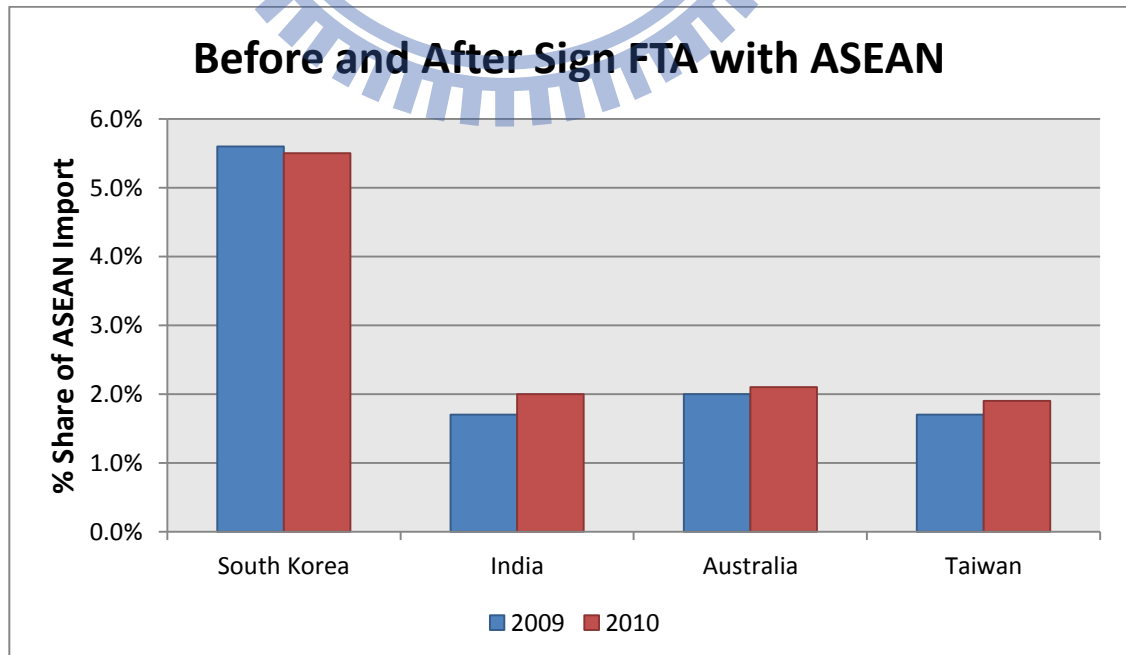
With above trade statistical analysis between Taiwan and ASEAN, it is clear Taiwan manage to expand its trade with ASEAN states without the benefit of signing FTA with ASEAN, and ASEAN's Taiwan import growth rate is higher than the overall growth import rate.

**Figure 9, Share of ASEAN Import and After FTA become Effective**



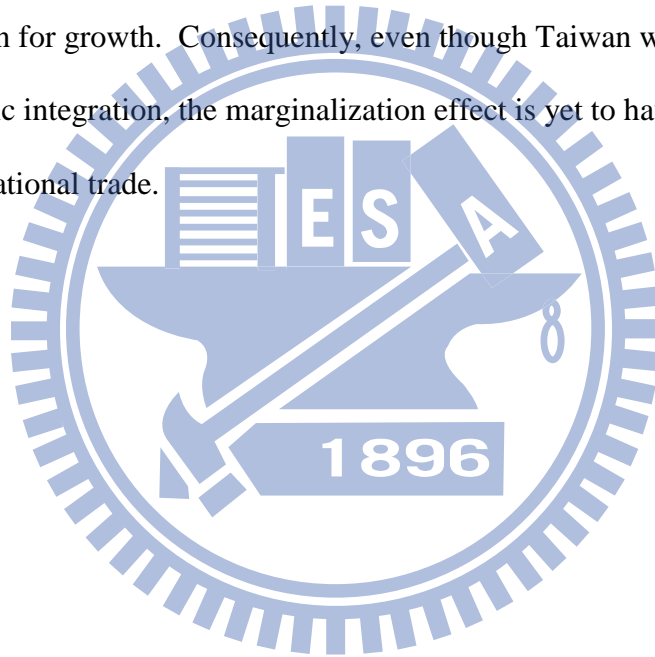
Source: ASEAN Statistical Year Book 2009, 2010.

**Figure 10, Share of ASEAN Export Before and After FTA becomes Effective**



Source: ASEAN Statistical Year Book 2009, 2010.

In contrast to three other countries, Australia, India, and South Korea, which had just signed FTA with ASEAN and went on effect on January 1, 2010, their formation of FTA with ASEAN did facilitate or encourage more trade. However, as according to the trade record, the rate of trade facilitation and growth do not necessary match up with the overall import and export growth rate of ASEAN. Therefore, the notion that Taiwan is being marginalized on East Asian economic integration is difficult to withstand. The trade data displays a different story as well as different trend. Indeed, that most of the East Asian economies, including the ASEAN states, are export oriented, and they are depending on other import oriented economy such as United States and European Union for growth. Consequently, even though Taiwan was not participated in the East Asian economic integration, the marginalization effect is yet to have significant influence on for Taiwan's international trade.



## **6. Concluding Remarks**

### **6.1 CEPA, the Hong Kong Experience**

In the case of Hong Kong, CEPA includes trade in goods, services and trade and investment facilitation. The categories of goods covered are wide and tariff reduction rate are wide and fast. Included are wide field of trade in services, trade and investment facilitation, multifaceted cooperation on the bilateral economic and trade fields to develop the institutional measures, expanding the field of a free trade agreement. After CEPA went on effect on July 1, 2003, according to statistical data, it was the sustained growth from service industry that saved Hong Kong from decline of economic development. In another word the tread creation is solely on the service industry while trade diversion occurs on the manufacturing industry of Hong Kong.

As stated in section 4.1 that in the year 2000, only 4.8% of Hong Kong GDP was contributed by manufacturing industry whereas 87.2% of was contributed by the service industry when the CEPA was sign in 2003. Despite the fact that all exports of products of Hong Kong origin were exempted from import duties since January 1, 2006, and the local content rule that stipulated in CEPA was aimed to bust the development of manufacturing industry sector in Hong Kong, the manufacturing industry in Hong Kong only persisted until 2006 and then continues to decline from 4.8% to 1.8% in 2010. Not to mention at 30% of the FOB export price on rule of origin that including local labor cost and cost on product development, which is consider very low and very liberal.

What CEPA have benefit to Hong Kong was that China liberates trade in service to business firms in Hong Kong to capture market in China in relatively short time. Even though CEPA only initially liberate only 17 service sectors to Hong Kong service providers, over the 8 years period and additional 8 supplements of CEPA, China liberates total of 301service under 47 service sectors. Furthermore, liberation of trade in service to Hong Kong likely to continually to

negotiate later by the additional supplements as trade in service between Hong Kong and China are still not fully liberated as though they are within a single custom union. There should be more supplements to CEPA in the future.

On the other hand, CEPA may bust economy to grow since it deeply integrates Hong Kong economy within China. Then, what will happen to Hong Kong if China economy can no longer sustain rapid growth as it was since the reform and opening up? In such case, will Hong Kong economy continue to grow or decline in parallel with China economy? Further, what will happen to Hong Kong when the Western firms began to bypass Hong Kong and utilize other major city such Shanghai as the gateway to further cultivate China as an international market? More statistical observation and data required to evaluate the outcome as such.

## **6.2 Suggestion for Future Cross-Strait Negotiations**

Singing ECFA with China is probably the most important trade agreement ever to conclude between Taiwan and China. Although the agreement was sign by the semiofficial representatives from both Taiwan and China, ECFA is a milestone as it provides the basis for further liberalization in goods and services trade across the Taiwan Strait and signifies the start of preferential trade relation between Taiwan and China.

Over the context of ECFA, apparently, it is China that liberates more trade in goods and trade in services to Taiwan, in which China is offering Taiwan more and better preferential trade terms. Actually, Taiwan was and still bans most China made products and services from China for national security reasons. Nevertheless, with the progress of liberation of trade in good and trade in service, actually it is Taiwan offering China preferential trade terms. In this point of view, Taiwan not just reduce tariff but also has to open new territory for trade to Chinese imports, whereas China only has to reduce trade tariffs. Therefore, as reflection from the CEPA, should there are more supplements to ECFA negotiated in the future, it is likely Taiwan will ease more

the import restrictions and tariffs on Chinese imports, and ultimately to all imports of goods and majority of services trade from China like that of the CEPA.

Even though under the ECFA, only 267 items export from China to Taiwan and 539 items export items from Taiwan to China on trade in goods were listed for tariff reduction over the three years period, majority of traded goods are still facing tariffs and restrictions. Likewise mentioned in section 3.6 that Taiwan will continue its ban on the importation of 865 Chinese agricultural products and still post did not lower tariffs on 1,377 industrial products.

Consequently, as mentioned earlier in the section 4.5.1, that the change in trade figure after ECFA went into effect is not exactly exciting or strong enough to justify that sign of ECFA with China significantly enhanced or better facilitation of trade with China. Therefore the initial influence of ECFA to Taiwan economy cannot be evaluated overly positively for Taiwan export or negatively for import. The long term influence is worth observing.

Another issue in ECFA is the Rule of Origin under the Early Harvest of Trade in Goods. It is questionable how much industry in Taiwan or China maybe benefited from it. The Regional Value Content from Annex II, Article 6, require that VNM, the value of all non-originating materials, adjusted based on CIF, may not exceed ten percent ( $X \leq 10\%$ ) of the FOB value of the given good to consider local content. Consequently, it is a form of discouragement of foreign direct investments to invest either in Taiwan or China to become as gateway to access other side's market, as it takes more time and resource to satisfy the above 90% requirement on rule of origin. Thus, the rule of origin is not necessary beneficial to industries in Taiwan and even install a road block on foreign direct investments that wish to produce goods in China and export their products to Taiwan and vice versa. Also the subsequent effect of foreign direct investments can only be measured and evaluated years after, the actual effect should be measure from the long term observation like the situation CEPA with Hong Kong.

The liberation of trade in services trade is unprecedented in cross-strait trade relation, and the service industry in Taiwan is not as globalized or in competitive standard as to that of Hong Kong. Both sides are eager to cultivate each other's market and learn the local tactics as Taiwan regulations as well as service industries had just begun to adjust themselves to face competition from China. ECFA initially only liberate limited number of 8 business service and one financial service sector from Taiwan and 8 business services and three financial services sectors from China.

Just like the influence of foreign direct investment, it will take some more years as bank from had just recently satisfy the local regulation requirement to noting that the one year representative office to formal establishment requirement from Taiwan side and one year representative office and at least two years of operation with profitable operation in the preceding year before application from China side, the sector related data are yet to be released. Thus, it is still early to make a fair estimate of impact as well as implication on services industries on Taiwan over ECFA. The implications are worth observing.

Further, although the market size in Taiwan is not exactly large, and the production of industrial goods in Taiwan is usually lack of economy of scale, therefore there is an implicit danger if Chinese firms were to practice of dumping in cross-strait trade. For instance, China has been world's largest target country for global countervailing related trade disputes (Wang 2012) and already, the importation of cement and related materials from China are being imposed of anti-dumping tariffs by International Trade Commission of Ministry of Economic Affairs [35]. Therefore, the effectiveness and efficiency of trade dispute settlement mechanism under the ECFA, the Cross-Strait Economic Cooperation Committee should be closely observed. Subsequently, ECFA related negotiations shall pay more attention to range and speed of tariff reduction on trade in goods. Until then, the better evaluation of ECFA on trade in goods may be conducted.



Finally, it has been nearly 18 month since the ECFA being signed and in and become effective. With the current available data, the benefit is yet to be seemed and the disadvantage is also yet to be significant. By range of trade in goods and trade in service liberated, ECFA is yet to be qualify as a full range FTA; rather, it is a platform that may lead to such result if more supplements like the CEPA can be reached between Taiwan and China in the future. This framework agreement is preliminary framework that provides guild lines for future trade related negotiations as well as trade dispute settlement mechanism across the Taiwan straits. Unless there is permanent peaceful, non-aggression treaty sign in between Taiwan and China, which means the mutual recognition and therefore the possibility is faint, the sovereignty dispute is likely to continue. Perhaps trade in goods and service are none-hostile in general, nevertheless, on the basis of national security as well trade dependency diversification, there shall be a limitation on the degree of liberation of trade in both goods and service with China. It is suggested that the scope of liberation shall limited to raw materials, ready to process or reprocess material, origin specific goods or goods that Taiwan on longer have competitive advantage to produce such as household appliances, household furniture, and ceramics products.

### **6.3 Outlook on Regional Integration**

While trade and investment activities are mostly carried out by private enterprises, the signing of free trade agreements need to be conducted between governments. The lack of formal diplomatic ties between Taipei and its key trading partners in East Asia has added complication to such process to Taiwan, not to mention that China was and still is deny Taiwan the right to link formal diplomatic relationship in the international stage.

Now, with ECFA signed and become effective with China, which signify the fact that China is in compliance with Article XXIV of GATT and Article V of the GATS which respectively provide the provision of economic integration apply to all WTO “customs territories” and “members.” Thus unleash a new frontier to allow Taiwan to sign FTA as ”custom territory” with any other WTO member under the WTO clause. Moreover, by signing of ECFA with Taiwan, although through semi-official organizations, China implicitly recognizes the Taiwan government is the rightful representative of the custom territory in the international arena.

Taiwan may then pick up its pace on negotiation with its other major trading partners such as EU, NAFTA and export major economy in other regions such as Brazil in South America for more export expansion and export destination diversification as well as access to market and resources. Further, for the purpose of enhancing competitive advantage in the global trade area in battling against country such as South Korea in terms of international trade, where up to 70% of the exports are overlapping each other (Peng 2012), Taiwan should also expedite the FTA negotiation with countries that provide natural resource, raw materials and potential markets.

Finally, Taiwan economy is actually performing quite well over last few decades. Although Taiwan depends on global trade for economic growth, Taiwan has sustained sufficient economic development as well as growth. Taiwan’s industrial outputs are high and unemployment is relatively low, the future challenge for Taiwan is it involvement in the global regional economic integration for trade expansion and trade diversification.

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# APPENDIX I

## Source of Statistical Data

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## Appendix II

### Statistical Tables

#### Statistical Table 1

Year	GDP		Per capita GDP	
	At current market prices		At current market prices	
	US\$ million	Year-on-year % change	US\$	Year-on-year % change
1991	92,043	15.3	16,002	14.3
1992	107,344	16.6	18,506	15.6
1993	123,733	15.3	20,968	13.3
1994	139,663	12.9	23,141	10.4
1995	148,765	6.5	24,165	4.4
1996	163,931	10.2	25,473	5.4
1997	182,003	11.0	28,047	10.1
1998	172,369	-5.3	26,341	-6.1
1999	168,889	-2.0	25,564	-3.0
2000	175,687	4.0	26,360	3.1
2001	173,229	-1.4	25,800	-2.1
2002	170,309	-1.7	25,253	-2.1
2003	164,635	-3.3	24,460	-3.1
2004	172,256	4.6	25,393	3.8
2005	184,345	7.0	27,057	6.6
2006	196,714	6.7	28,688	6.0
2007	215,410	9.5	31,145	8.6
2008	223,601	3.8	32,137	3.2
2009	216,335	-3.2	31,026	-3.5
2010r	232,221	7.3	33,060	6.6
2011p	252,515	8.7	35,708	8.0

#### Gross Domestic Product (GDP) of Hong Kong

Notes : Figures in this table are the latest data released on 22 February 2012.

r Revised figures.

p Preliminary figures.

In general, the first release of GDP in Hong Kong in respect of a period is called "Preliminary figures". When more data become available, the preliminary figures will be revised. This routine is in accordance with international practice to compile and release GDP figures at the earliest possible time by using only partial data. All those figures published subsequently, on revision, are called "Revised figures". The figures are finalised when data from all regular sources are incorporated.

'0.0' denotes increase or decrease of less than 0.05%.

N.A. Not applicable.

Source: Census & Statistics Department, the Government of the Hong Kong Special Administrative Region  
[http://www.censtatd.gov.hk/hong\\_kong\\_statistics/index.jsp](http://www.censtatd.gov.hk/hong_kong_statistics/index.jsp)

## Statistical Table 2

### Domestic Product (GDP) by Economic Activity of Hong Kong

Unit: %

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 r
Agriculture, fishing, mining and quarrying	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Manufacturing	4.8	4.2	3.6	3.2	3.1	2.9	2.7	2.0	1.9	1.8	1.8
Electricity, gas and water supply, and waste management	3.0	3.1	3.3	3.3	3.2	3.0	2.8	2.6	2.5	2.3	2.0
Construction	4.9	4.6	4.2	3.7	3.2	2.9	2.7	2.6	3.0	3.2	3.3
<b>Services</b>	<b>87.2</b>	<b>88.0</b>	<b>88.8</b>	<b>89.7</b>	<b>90.5</b>	<b>91.2</b>	<b>91.7</b>	<b>92.8</b>	<b>92.5</b>	<b>92.6</b>	<b>92.9</b>
Import/export, wholesale and retail trades	21.8	22.3	22.8	23.6	24.9	26.1	24.9	23.7	24.7	23.6	24.0
<i>Import and export trade</i>	18.4	18.9	19.6	20.6	21.3	22.5	21.2	20.2	20.8	19.7	19.8
<i>Wholesale and retail trades</i>	3.3	3.4	3.2	3.0	3.6	3.7	3.7	3.5	3.9	3.9	4.2
Accommodation and food services ^	3.0	2.7	2.5	2.2	2.7	2.8	2.9	3.1	3.4	3.1	3.3
Transportation, storage, postal and courier services	7.7	7.5	7.8	7.8	8.6	8.5	8.0	7.6	6.2	6.4	8.1
<i>Transportation and storage</i>	7.2	7.1	7.5	7.5	8.1	8.1	7.6	7.2	5.9	6.1	7.8
<i>Postal and courier services</i>	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3
Information and communications	3.3	3.5	3.6	3.7	3.3	3.3	3.3	3.2	3.0	3.0	3.2
Financing and insurance	11.9	11.3	11.5	12.3	12.2	12.7	15.7	19.3	16.0	15.2	15.4
Real estate, professional and business services	9.3	8.8	8.5	8.5	8.9	9.0	8.8	9.3	10.4	11.2	11.0
<i>Real estate</i>	5.1	4.6	4.3	4.0	4.2	4.5	4.4	4.6	5.3	5.6	5.2
<i>Professional and business services</i>	4.2	4.2	4.2	4.4	4.7	4.5	4.5	4.7	5.1	5.6	5.8
Public administration, social and personal services	18.8	19.9	20.1	20.2	19.5	17.9	16.9	16.1	16.9	18.0	16.8
Ownership of premises	11.5	12.0	11.9	11.4	10.4	11.0	11.2	10.5	11.8	12.1	11.1
<b>GDP at basic prices</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Notes : ^ Accommodation services cover hotels, guesthouses, boarding houses and other establishments providing short term accommodation.

r Revised figures.

In Hong Kong, the first release of GDP in respect of a period is called "Preliminary figures". When more data become available, the preliminary figures will be revised. This routine is in accordance with international practice to compile and release GDP figures at the earliest possible time by using only partial data. All those figures published subsequently, on revision, are called "Revised figures". The figures are finalised when data from all regular sources are incorporated.

The above statistics are compiled based on the Hong Kong Standard Industrial Classification (HSIC) Version 2.0.

Source: Census & Statistics Department, the Government of the Hong Kong Special Administrative Region  
[http://www.censtatd.gov.hk/hong\\_kong\\_statistics/index.jsp](http://www.censtatd.gov.hk/hong_kong_statistics/index.jsp)

**Statistical Table 3**  
**Gross Domestic Product (GDP) by Economic Activity of Hong Kong**

US\$ Million

Economic Activity	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 r
Agriculture, fishing, mining and quarrying	156	158	152	126	128	127	126	135	123	145	126
Manufacturing	<b>8,145</b>	<b>7,079</b>	<b>6,030</b>	<b>5,147</b>	<b>5,179</b>	<b>5,219</b>	<b>5,240</b>	<b>4,231</b>	<b>4,132</b>	<b>3,764</b>	<b>3,995</b>
Electricity, gas and water supply, and waste management	5,015	5,158	5,375	5,278	5,397	5,429	5,499	5,425	5,278	4,661	4,595
Construction	8,331	7,672	6,908	6,030	5,437	5,198	5,217	5,415	6,448	6,686	7,504
<b>Services</b>	<b>147,755</b>	<b>147,805</b>	<b>146,874</b>	<b>145,160</b>	<b>153,075</b>	<b>165,259</b>	<b>177,625</b>	<b>195,481</b>	<b>196,405</b>	<b>191,524</b>	<b>210,841</b>
Import/export, wholesale and retail trades	36,865	37,489	37,721	38,235	42,195	47,358	48,156	49,949	52,522	48,784	54,448
<i>Import and export trade</i>	31,223	31,796	32,437	33,340	36,032	40,741	41,068	42,637	44,255	40,728	44,925
Accommodation and food services ^	5,045	4,593	4,126	3,534	4,550	4,999	5,693	6,510	7,146	6,505	7,521
Transportation, storage, postal and courier services	13,000	12,521	12,955	12,693	14,468	15,375	15,481	15,964	13,099	13,206	18,369
<i>Transportation and storage</i>	12,271	11,870	12,321	12,056	13,735	14,614	14,742	15,234	12,425	12,525	17,617
<i>Postal and courier services</i>	729	651	634	637	733	761	739	730	675	682	752
Information and communications	5,667	5,894	6,021	5,932	5,634	5,975	6,432	6,783	6,434	6,241	7,242
Financing and insurance	20,110	18,937	19,057	19,927	20,615	22,948	30,424	40,635	34,078	31,411	34,936
Real estate, professional and business services	15,742	14,824	14,088	13,674	15,014	16,233	17,081	19,542	22,079	23,144	25,047
<i>Real estate</i>	8,589	7,727	7,117	6,521	7,056	8,160	8,460	9,597	11,323	11,578	11,854
<i>Professional and business services</i>	7,153	7,097	6,971	7,153	7,959	8,073	8,622	9,944	10,757	11,567	13,192
Public administration, social and personal services	31,841	33,381	33,308	32,741	32,943	32,506	32,706	33,919	35,947	37,260	38,084
Ownership of premises	19,484	20,168	19,598	18,426	17,656	19,866	21,652	22,180	25,099	24,971	25,194
<b>GDP at basic prices</b>	<b>169,401</b>	<b>167,872</b>	<b>165,339</b>	<b>161,740</b>	<b>169,216</b>	<b>181,233</b>	<b>193,707</b>	<b>210,686</b>	<b>212,386</b>	<b>206,780</b>	<b>227,062</b>
Taxes on products	4,164	3,566	3,364	3,431	4,439	4,707	5,380	8,618	7,989	7,462	9,161
Statistical discrepancy (%) @	1.2	1.0	0.9	-0.3	-0.8	-0.9	-1.2	-1.8	1.4	1.0	-1.7
<b>GDP at current market prices</b>	<b>175,687</b>	<b>173,229</b>	<b>170,309</b>	<b>164,635</b>	<b>172,256</b>	<b>184,345</b>	<b>196,714</b>	<b>215,410</b>	<b>223,601</b>	<b>216,335</b>	<b>232,221</b>

Notes : ^ Accommodation services cover hotels, guesthouses, boarding houses and other establishments providing short term accommodation.

@ Statistical discrepancy refers to the difference in values of GDP compiled using the expenditure and production approaches, as a result of the adoption of different data sources and estimation methods. It is expressed as a percentage to GDP.

r Revised figures.

Source: Census & Statistics Department, the Government of the Hong Kong Special Administrative Region  
[http://www.censtatd.gov.hk/hong\\_kong\\_statistics/index.jsp](http://www.censtatd.gov.hk/hong_kong_statistics/index.jsp)

## Statistical Table 4

Year	Main destinations										HK\$ Million
	China	USA	Taiwan	Switzerland	Singapore	Japan	U.K.	Korea	Macao	Malaysia	All destinations
1991	7,254	8,383	809	328	1,173	1,555	1,827	236	149	303	30,806
1992	8,261	8,613	867	306	1,381	1,466	1,672	189	170	333	31,216
1993	8,449	8,039	835	257	1,513	1,290	1,436	261	156	343	29,737
1994	8,135	8,189	810	212	1,630	1,394	1,372	281	175	375	29,612
1995	8,474	8,167	1,063	217	1,631	1,584	1,459	320	200	345	30,888
1996	8,216	7,181	894	192	1,335	1,511	1,413	348	210	334	28,288
1997	8,516	7,343	937	197	1,121	1,419	1,430	312	171	358	28,188
1998	7,475	7,312	867	187	680	858	1,341	208	134	243	25,127
1999	6,722	6,848	680	163	491	728	1,386	200	86	259	22,747
2000	7,221	7,258	814	153	629	678	1,424	221	78	356	24,129
2001	6,606	6,345	713	123	353	541	1,144	174	81	229	20,469
2002	5,517	5,588	585	86	288	396	1,012	151	87	352	17,457
2003	4,901	5,217	487	87	298	380	1,035	159	70	157	16,225
2004	5,053	5,151	622	107	420	375	1,092	186	73	199	16,798
2005	5,952	5,036	686	98	543	576	974	220	129	204	18,137
2006	5,369	4,421	595	100	550	657	1,048	239	194	218	17,937
2007	5,415	3,184	538	133	406	382	780	194	225	169	14,550
2008	4,634	2,515	515	186	403	305	363	171	243	185	12,101
2009	3,556	976	256	146	297	220	165	159	132	110	7,699
2010	4,163	1,114	375	224	382	271	207	199	154	175	9,268
2011	4,093	955	401	380	349	204	201	193	192	169	8,755

### Domestic Exports to Ten Main Destinations For Hong Kong (HK\$)

Source: Census & Statistics Department, the Government of the Hong Kong Special Administrative Region  
[http://www.censtatd.gov.hk/hong\\_kong\\_statistics/index.jsp](http://www.censtatd.gov.hk/hong_kong_statistics/index.jsp)

## Statistical Table 5

### Domestic Exports to Ten Main Destinations for Hong Kong (%)

Unit: %

Year	Main destinations										All destinations
	China	USA	Taiwan	Switzerland	Singapore	Japan	United Kingdom	Korea	Macao	Malaysia	
1991	+14.6	-5.3	+6.1	-13.5	+12.8	-3.4	+1.6	-4.3	-4.4	+31.2	+2.3
1992	+13.9	+2.8	+7.2	-6.8	+17.8	-5.7	-8.5	-20.0	+13.9	+10.1	+1.3
1993	+2.3	-6.7	-3.7	-16.0	+9.5	-12.0	-14.1	+38.4	-8.0	+2.8	-4.7
1994	-3.7	+1.9	-3.0	-17.5	+7.8	+8.0	-4.4	+7.9	+12.1	+9.5	-0.4
1995	+4.2	-0.3	+31.2	+2.5	+0.1	+13.6	+6.3	+13.5	+14.6	-8.0	+4.3
1996	-3.0	-12.1	-15.9	-11.6	-18.2	-4.6	-3.1	+8.9	+4.9	-3.4	-8.4
1997	+3.6	+2.3	+4.8	+3.0	-16.0	-6.1	+1.2	-10.3	-18.4	+7.2	-0.4
1998	-12.2	-0.4	-7.5	-5.1	-39.3	-39.5	-6.2	-33.2	-21.9	-32.1	-10.9
1999	-10.1	-6.4	-21.6	-12.9	-27.8	-15.2	+3.3	-4.0	-36.1	+6.8	-9.5
2000	+7.4	+6.0	+19.7	-6.6	+28.1	-6.9	+2.8	+10.3	-8.4	+37.1	+6.1
2001	-8.5	-12.6	-12.4	-19.1	-43.8	-20.1	-19.7	-21.1	+3.6	-35.7	-15.2
2002	-16.5	-11.9	-17.9	-30.0	-18.4	-26.9	-11.5	-13.3	+7.3	+53.6	-14.7
2003	-11.2	-6.6	-16.7	+0.8	+3.5	-4.1	+2.3	+5.2	-19.2	-55.2	-7.1
2004	+3.1	-1.3	+27.7	+22.7	+40.8	-1.3	+5.5	+17.3	+3.3	+26.6	+3.5
2005	+17.8	-2.2	+10.2	-8.3	+29.5	+53.6	-10.8	+18.2	+76.8	+2.3	+8.0
2006	-9.8	-12.2	-13.2	+1.9	+1.3	+14.2	+7.6	+8.4	+51.0	+7.0	-1.1
2007	+0.8	-28.0	-9.6	+33.0	-26.2	-41.9	-25.6	-18.8	+15.9	-22.7	-18.9
2008	-14.4	-21.0	-4.2	+40.1	-0.7	-20.1	-53.4	-11.5	+8.0	+9.6	-16.8
2009	-23.3	-61.2	-50.3	-21.5	-26.5	-27.9	-54.5	-6.9	-45.9	-40.8	-36.4
2010	+17.1	+14.2	+46.8	+53.7	+28.8	+23.0	+25.4	+25.0	+17.0	+59.2	+20.4
2011	-1.7	-14.3	+6.7	+69.1	-8.6	-24.6	-2.8	-3.4	+24.6	-3.3	-5.5

Source: Census & Statistics Department, the Government of the Hong Kong Special Administrative Region  
[http://www.censtatd.gov.hk/hong\\_kong\\_statistics/index.jsp](http://www.censtatd.gov.hk/hong_kong_statistics/index.jsp)

## Statistical Table 6

### Statistics on Labour Force, Unemployment and Underemployment for Hong Kong

Period	Labour force		Percentage Unemployed	Unemployed ('000)
	No. ('000)	Percentage change over the same period in preceding year (%)		
1991	2 804.1	2.0	1.8%	50.4
1992	2 792.3	-0.4	2.0%	54.7
1993	2 856.4	2.3	2.0%	56.3
1994	2 929.0	2.5	1.9%	56.2
1995	3 000.7	2.4	3.2%	95.6
1996@	3 160.8	3.1	2.8%	87.4
1997	3 234.8	2.3	2.2%	71.2
1998	3 276.1	1.3	4.7%	154.1
1999	3 319.6	1.3	6.3%	207.5
2000	3 374.2	1.6	4.9%	166.9
2001	3 427.3	1.6	5.1%	174.3
2002	3 472.6	1.3	7.3%	254.2
2003	3 465.8	-0.2	7.9%	275.2
2004	3 512.8	1.4	6.8%	239.2
2005	3 534.2	0.6	5.6%	197.6
2006	3 571.8	1.1	4.8%	171.1
2007	3 622.3	1.4	4.0%	145.3
2008	3 637.2	0.4	3.5%	128.0
2009	3 660.3	0.6	5.3%	192.6
2010	3 631.3	-0.8	4.3%	157.2
2011	3 703.1	2.0	3.4%	126.7

Notes : Provisional figures

The figures on year-on-year change are derived from figures obtained based on the "extended de facto" method since figures under the "resident population" method prior to April-June 1996 are not available. Change less than 0.05%.

The underemployed population comprises those employed persons who have involuntarily worked less than 35 hours during the 7 days before enumeration and have sought additional work during the 30 days before enumeration, or have not sought additional work but have been available for additional work during the 7 days before enumeration. Following this definition, employed persons taking no-pay leave due to slack work during the 7 days before enumeration are also classified as underemployed if they worked less than 35 hours or were on leave even for the whole period during the 7-day period.

The underemployment rate refers to the proportion of underemployed persons in the labour force.

Source: Census & Statistics Department, the Government of the Hong Kong Special Administrative Region  
[http://www.censtatd.gov.hk/hong\\_kong\\_statistics/index.jsp](http://www.censtatd.gov.hk/hong_kong_statistics/index.jsp)

## Statistical Table 7

### Four Key Industries in the Hong Kong Economy

Percentage share (%)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
(1) Financial services	11.9	11.3	11.5	12.3	12.2	12.7	15.7	19.3	16.0	15.2	15.4
Banking	8.3	8.1	8.2	8.4	8.0	7.9	9.5	11.5	10.2	9.7	9.6
Insurance	1.1	1.2	1.3	1.5	1.4	1.3	1.4	1.5	1.4	1.4	1.5
Other financial services (e.g. stock brokerage, asset management, finance leasing and investment and holding companies)	2.4	2.0	2.0	2.4	2.8	3.4	4.9	6.3	4.4	4.1	4.3
(2) Tourism	2.4	2.3	2.9	2.4	3.0	3.3	3.3	3.4	2.8	3.3	4.4
(3) Trading and Logistics	23.8	24.2	25.0	26.3	27.6	28.6	27.1	25.6	25.7	24.1	25.5
(A) Trading	19.4	20.0	20.6	21.5	22.3	23.4	22.1	21.0	21.8	20.5	20.7
Import and export trade	18.4	18.9	19.6	20.6	21.3	22.5	21.2	20.2	20.8	19.7	19.8
(B) Logistics	4.4	4.3	4.4	4.8	5.3	5.2	5.0	4.6	3.9	3.5	4.8
Freight transport and storage services	4.0	3.9	4.0	4.4	4.9	4.8	4.6	4.2	3.6	3.2	4.5
Postal and courier services	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3
(4) Professional Services and Other Producer Services	10.8	11.0	10.9	10.9	11.1	11.1	11.0	11.6	12.5	13.1	12.8
(A) Professional services	3.3	3.3	3.3	3.4	3.6	3.4	3.5	3.6	3.7	4.2	4.5
Legal, accounting and auditing services	1.1	1.1	1.1	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3
Other professional services (e.g. information technology related services, advertising and specialised design services)	1.1	1.0	1.0	1.1	1.1	1.2	1.1	1.1	1.2	1.3	1.4
(B) Other producer services *	7.4	7.7	7.6	7.5	7.5	7.7	7.5	7.9	8.7	8.9	8.3
Four Key Industries = (1)+(2)+(3)+(4)	48.9	48.8	50.3	51.9	53.9	55.6	57.1	59.8	57.0	55.6	58.0

Notes : # Refers to GDP at basic prices. The contribution of the Four Key Industries is compiled as a percentage share in GDP valued at basic prices. Such GDP figure is slightly different from the commonly used one, i.e. valued at current market prices, for which taxes on products are included.

\* Other producer services refer to producer services other than financial services, trading and logistics, tourism and professional services.

The above statistics are compiled based on the Hong Kong Standard Industrial Classification Version 2.0 (HSIC V2.0).

Source: Census & Statistics Department, the Government of the Hong Kong Special Administrative Region  
[http://www.censtatd.gov.hk/hong\\_kong\\_statistics/index.jsp](http://www.censtatd.gov.hk/hong_kong_statistics/index.jsp)

## Statistical Table 8

### Inward Direct Investment (DI) of Hong Kong by Major Investor Country/Territory at Market Value

US\$ billion

Major investor country / territory	DI inflow during the year												
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
The mainland of China	2.7	5.1	14.8	5.1	4.2	5.1	8.3	9.7	14.5	13.9	24.0	25.6	36.8
British Virgin Islands	4.0	6.5	31.8	10.0	7.9	2.6	8.4	6.3	10.5	14.6	14.7	16.9	33.8
Netherlands	1.8	3.2	1.0	-0.3	1.4	3.3	1.2	2.3	3.7	5.1	5.1	6.5	4.9
Bermuda	2.8	3.3	4.9	1.3	0.3	-1.8	1.2	4.8	3.2	3.7	2.3	7.9	3.2
United States of America	0.9	2.5	2.5	1.6	-1.5	2.9	6.5	-4.0	6.8	4.8	1.9	-2.2	-20.6
Japan	0.1	0.9	3.4	1.1	2.0	1.9	1.5	1.9	2.4	1.9	1.1	1.3	2.3
Cayman Islands	0.7	0.2	1.5	1.5	-9.2	0.4	0.9	1.6	2.5	1.5	0.5	0.1	2.6
Singapore	0.0	0.8	8.0	1.5	0.9	-1.3	0.4	1.5	1.1	2.2	1.3	1.2	2.1
United Kingdom	1.1	0.3	-5.5	1.0	1.1	0.6	2.4	-1.8	2.1	3.1	1.7	2.1	1.6
Cook Islands	*	*	*	*	*	*	*	0.3	0.1	0.1	1.0	0.0	0.6
Other countries/territories	1.2	2.6	2.0	2.0	2.9	0.5	4.7	8.7	-0.2	5.8	8.3	-5.2	6.3
All countries/territories	15.3	25.4	64.3	24.7	10.1	14.2	35.3	34.9	46.7	56.5	61.9	54.1	73.6

Notes :

Individual figures may not add up exactly to the total due to rounding.

Country/territory here refers to the immediate source economy. It does not necessarily reflect the country/territory in which the funds are initially mobilised.

Negative inflow does not necessarily relate to equity withdrawal. It may be the result of repayment of loans to non-resident affiliates.

\* Detailed country/territory classification has been adopted in the compilation of external DI statistics since 2005. Therefore, separate figures for this country prior to 2005 are not available.

Source: Census & Statistics Department, the Government of the Hong Kong Special Administrative Region  
[http://www.censtatd.gov.hk/hong\\_kong\\_statistics/index.jsp](http://www.censtatd.gov.hk/hong_kong_statistics/index.jsp)



## Statistical Table 9

### Number of Factories Registered in Taiwan

Year	Total	Annual Growth Rate (%)	Food	Textiles	Chemicals	Saw Mill & Wood Products	Ceramics	Metals	Machinery & Tools	Printing & Book-binding	Others
1981	60,277	8.76%	7,176	6,317	11,570	4,927	3,097	8,234	11,606	2,272	5,078
1982	59,223	-1.75%	6,870	6,211	11,515	4,706	2,973	8,280	9,418	2,325	6,925
1983	63,220	6.75%	6,907	6,671	11,951	4,777	3,008	9,234	9,781	2,509	8,382
1984	61,008	-3.50%	6,367	6,568	10,784	4,109	2,824	9,072	11,997	2,374	6,913
1985	68,145	11.70%	6,428	7,247	11,606	4,410	3,225	9,476	14,692	2,602	8,459
1986	76,886	12.83%	6,712	8,159	12,730	4,928	3,468	11,507	16,524	3,048	9,810
1987	83,546	8.66%	6,805	8,623	13,861	4,988	3,647	12,932	18,945	3,495	10,250
1988	89,965	7.68%	6,881	8,995	16,120	5,099	3,755	14,378	24,752	3,855	6,130
1989	93,925	4.40%	6,818	9,148	16,709	5,053	3,805	15,616	26,466	4,108	6,202
1990	92,978	-1.01%	6,595	8,761	16,246	4,646	3,746	15,996	26,719	4,163	6,106
1991	95,327	2.53%	6,584	8,827	15,535	4,505	3,733	16,774	28,020	4,324	7,025
1992	94,673	-0.69%	6,449	8,040	15,033	4,404	3,602	17,085	27,141	4,433	8,486
1993	96,579	2.01%	6,300	8,158	15,218	5,867	3,468	16,723	28,279	4,595	7,971
1994	95,581	-1.03%	6,071	7,761	14,708	5,548	3,446	17,129	28,317	4,611	7,990
1995	97,016	1.50%	5,972	7,691	14,670	5,373	3,492	17,940	29,343	4,727	7,808
1996	96,756	-0.27%	5,913	7,513	14,452	5,108	3,380	18,363	29,753	4,711	7,563
1997	99,844	3.19%	6,023	7,666	14,694	5,085	3,414	19,245	31,831	4,844	7,042
1998	98,836	-1.01%	5,854	7,442	14,448	4,842	3,230	19,332	31,528	4,827	7,333
1999	100,682	1.87%	5,936	7,528	14,590	4,770	3,226	19,879	32,542	4,934	7,277
2000	98,860	-1.81%	5,771	7,210	14,218	4,424	3,120	19,821	32,564	4,921	6,811
2001	97,182	-1.70%	5,780	6,960	13,891	4,145	3,099	19,488	32,490	4,853	6,476
2002	98,195	1.04%	5,972	6,980	14,173	4,109	3,151	19,776	33,373	4,914	5,747
2003	98,865	0.68%	6,139	6,924	14,551	3,971	3,082	18,055	35,540	4,973	5,630
2004	90,751	-8.21%	5,889	6,062	13,591	3,397	2,706	17,468	32,742	4,531	4,365
2005	89,883	-0.96%	5,905	5,807	13,509	3,305	2,620	17,586	32,591	4,427	4,133
2006	86,324	-3.96%	5,833	5,499	13,098	3,003	2,580	17,189	31,404	4,241	3,477
2007	86,881	0.65%	5,918	5,398	13,180	2,900	2,605	18,308	30,425	4,263	3,884
2008	86,331	-0.63%	5,937	5,197	13,129	2,805	2,616	18,728	29,979	4,178	3,762
2009	84,890	-1.67%	5,924	4,988	12,978	2,663	2,618	18,694	29,226	4,111	3,688
2010	84,287	-0.71%	5,969	4,831	12,864	2,541	2,592	18,896	28,982	3,988	3,624

(1) Excluding sub-stations of Taiwan Power Company. (2) Revised on the basis of a recheck of data.

(3) Re-registrations were in progress: Figures show factories already re-registered.

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## Statistical Table 10

### Composition of Gross Domestic Product by Kind of Activity for Taiwan

Unit: %

Year	Total GDP	Agriculture	Industry	Manufacturing			Services				Public Adm. and Defense
				Electricity, Gas, Water, and Remediation	Construction		Wholesale & Retail Trade	Transportation and Storage	Finance, Insurance & Real Estate		
1981	100.00	<b>7.33</b>	<b>43.86</b>	32.56	3.78	5.45	<b>48.81</b>	12.56	4.28	8.92	8.63
1982	100.00	<b>7.68</b>	<b>43.05</b>	32.56	3.75	4.81	<b>49.28</b>	12.60	4.23	8.74	9.06
1983	100.00	<b>7.26</b>	<b>44.00</b>	33.75	4.07	4.45	<b>48.74</b>	12.26	4.24	8.56	8.70
1984	100.00	<b>6.27</b>	<b>45.06</b>	35.37	4.12	4.09	<b>48.67</b>	12.27	4.49	8.47	8.50
1985	100.00	<b>5.73</b>	<b>44.57</b>	34.91	4.39	3.93	<b>49.70</b>	12.25	4.65	9.27	8.64
1986	100.00	<b>5.43</b>	<b>45.83</b>	37.48	3.79	3.55	<b>48.75</b>	11.97	4.43	9.01	7.81
1987	100.00	<b>5.27</b>	<b>45.04</b>	36.57	3.78	3.70	<b>49.70</b>	11.84	4.44	9.95	7.46
1988	100.00	<b>4.99</b>	<b>42.90</b>	34.57	3.41	3.99	<b>52.11</b>	12.12	4.60	11.18	7.94
1989	100.00	<b>4.81</b>	<b>40.39</b>	32.10	3.24	4.24	<b>54.80</b>	12.14	4.53	12.94	8.21
1990	100.00	<b>4.05</b>	<b>38.93</b>	30.74	3.14	4.41	<b>57.02</b>	12.85	4.40	13.56	8.88
1991	100.00	<b>3.68</b>	<b>38.48</b>	30.42	2.96	4.33	<b>57.84</b>	13.06	4.39	13.42	9.09
1992	100.00	<b>3.50</b>	<b>36.81</b>	28.50	2.95	4.48	<b>59.69</b>	13.55	4.33	14.39	8.81
1993	100.00	<b>3.50</b>	<b>35.91</b>	27.22	2.87	4.78	<b>60.59</b>	13.57	4.26	15.25	8.57
1994	100.00	<b>3.37</b>	<b>34.37</b>	25.83	2.79	4.98	<b>62.27</b>	13.84	4.30	16.53	8.29
1995	100.00	<b>3.33</b>	<b>33.14</b>	24.86	2.68	4.87	<b>63.52</b>	14.53	4.31	16.72	8.36
1996	100.00	<b>3.06</b>	<b>32.50</b>	24.77	2.63	4.49	<b>64.43</b>	14.99	4.35	16.95	8.38
1997	100.00	<b>2.46</b>	<b>32.22</b>	24.68	2.51	4.33	<b>65.32</b>	15.31	4.34	17.53	8.12
1998	100.00	<b>2.38</b>	<b>31.66</b>	24.44	2.46	3.99	<b>65.96</b>	15.79	4.35	17.17	7.97
1999	100.00	<b>2.45</b>	<b>30.55</b>	23.92	2.38	3.57	<b>67.00</b>	16.44	4.39	17.29	7.97
2000	100.00	<b>2.02</b>	<b>30.52</b>	24.63	2.25	3.12	<b>67.47</b>	17.15	4.06	16.91	7.90
2001	100.00	<b>1.90</b>	<b>28.74</b>	23.23	2.34	2.70	<b>69.36</b>	17.12	4.15	17.14	8.16
2002	100.00	<b>1.82</b>	<b>30.38</b>	25.02	2.34	2.52	<b>67.80</b>	16.81	4.07	16.27	7.79
2003	100.00	<b>1.71</b>	<b>31.20</b>	26.13	2.31	2.36	<b>67.08</b>	16.65	3.81	15.86	7.90
2004	100.00	<b>1.68</b>	<b>31.75</b>	26.81	1.99	2.53	<b>66.57</b>	17.08	3.76	15.71	7.68
2005	100.00	<b>1.67</b>	<b>31.26</b>	26.53	1.93	2.42	<b>67.08</b>	17.63	3.52	15.82	7.59
2006	100.00	<b>1.61</b>	<b>31.33</b>	26.46	1.84	2.72	<b>67.06</b>	17.88	3.22	15.82	7.43
2007	100.00	<b>1.49</b>	<b>31.38</b>	26.52	1.62	2.78	<b>67.12</b>	18.22	3.21	15.79	7.11
2008	100.00	<b>1.60</b>	<b>29.05</b>	24.83	1.18	2.88	<b>69.35</b>	18.95	3.13	16.04	7.49
2009	100.00	<b>1.73</b>	<b>28.92</b>	23.77	2.04	2.69	<b>69.35</b>	18.70	3.00	15.60	7.66
2010	100.00	<b>1.64</b>	<b>31.12</b>	26.03	1.81	2.81	<b>67.24</b>	18.29	3.18	14.92	7.26

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## Statistical Table 11

### Value of Principal Exports of Taiwan

U.S. dollar  
million

Period	Total	Chemicals	Plastics	Rubber	Plywood	Textile Products (Except Garments)	Garments	Footwear & Parts	Ceramic Products	Basic Metals	Electronics
1991	76562.6	1569.8	4580.7	590.5	137.8	8478.6	3518.6	3810.8	626.1	5805.9	8183.3
1992	82122.2	1769.3	4814.9	640.0	117.0	8713.3	3128.5	3703.6	618.4	6464.5	8682.2
1993	85956.6	1937.4	5011.4	681.6	93.0	9271.4	2768.0	2772.6	463.8	7133.1	10259.2
1994	94300.4	2404.1	5650.5	752.2	113.3	11461.4	2538.1	1726.4	377.2	8074.9	12333.9
1995	113342.0	3238.2	7101.4	973.3	133.1	13272.0	2350.0	1404.2	306.6	10026.8	16250.4
1996	117581.0	3257.3	6684.9	1028.9	151.4	13381.8	2286.1	1209.8	256.7	10245.7	16631.6
1997	124170.2	3277.6	6637.0	1079.3	139.5	14209.9	2450.7	1002.1	215.4	11530.6	18024.1
1998	112595.4	2857.0	5901.1	969.0	59.0	12246.6	2341.4	721.3	146.8	10870.1	16900.6
1999	123733.3	3266.9	6514.9	1009.4	46.4	12100.3	2124.5	689.4	136.3	11606.9	21832.5
2000	151949.8	4136.1	7985.9	1109.4	42.1	13051.6	2216.9	605.5	133.7	13554.0	33754.6
2001	126314.3	4222.8	6987.8	1038.9	33.5	10890.2	1771.9	483.8	103.5	11369.2	25514.6
2002	135316.7	4785.8	7705.1	1139.9	27.0	10630.0	1547.4	443.8	97.6	12582.4	28383.0
2003	150600.5	5847.4	8732.7	1308.6	19.8	10432.2	1473.7	402.8	85.7	14384.2	34905.2
2004	182370.4	7969.4	11081.9	1565.5	21.2	11261.0	1311.3	413.1	88.0	18429.2	45578.2
2005	198431.7	10126.4	12877.8	1854.9	19.6	10886.7	953.4	374.7	82.2	20467.7	51008.1
2006	224017.3	11268.6	13927.0	1981.3	33.5	10969.8	819.0	351.7	74.3	24010.7	62822.9
2007	246676.9	14866.4	16696.0	2229.3	35.7	10908.9	713.7	329.3	69.5	27752.3	65551.4
2008	255628.7	17240.6	17188.9	2485.0	40.6	10271.7	628.7	318.9	69.3	28220.5	63456.3
2009	203674.6	13930.4	14619.8	1903.6	31.4	8887.7	456.6	254.7	56.0	19359.3	56664.1
2010	274600.6	19227.4	19652.1	2602.4	37.5	10838.3	463.2	303.9	71.5	25884.4	77306.1

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## Statistical Table 11-1

### Value of Principal Exports of Taiwan (Continued)

Unit: US\$ million

Period	Total	Machinery	Electrical Machineries	Information & Communication	Household Appliances	Transportation Equipment	Precision Instruments	Games & Sports Requisites	Furniture	Others
1991	76562.6	6794.7	2538.6	5588.8	1006.0	3929.3	2034.7	3044.3	1695.3	11813.1
1992	82122.2	7533.0	2783.6	6423.5	1034.8	4199.9	2202.1	3318.8	1840.1	13361.1
1993	85956.6	7045.6	3217.9	6439.5	874.9	4677.0	2165.7	2816.1	1839.8	15703.7
1994	94300.4	7207.5	3446.6	6790.8	825.7	4816.5	2293.3	2704.3	1801.7	17969.9
1995	113342.0	8349.7	3998.6	9906.8	875.8	5361.8	2588.5	2746.1	1767.5	21492.8
1996	117581.0	9482.3	4224.5	12545.9	890.1	5215.4	2546.0	2671.3	1738.5	22040.0
1997	124170.2	9651.5	4767.5	14441.6	828.1	5587.7	2751.8	2382.8	1700.6	22390.9
1998	112595.4	7807.3	4351.4	13757.8	663.8	5216.2	2462.8	1901.3	1576.7	20857.2
1999	123733.3	7921.1	4601.1	15141.7	690.9	5151.9	2966.9	1781.2	1718.8	23481.8
2000	151949.8	10019.2	5453.3	19801.9	653.0	5885.1	4223.9	2217.3	1767.3	24295.7
2001	126314.3	8716.5	4760.2	16037.5	578.0	4481.6	3567.5	1742.2	1314.2	21661.1
2002	135316.7	9577.1	6067.0	16453.9	562.9	4864.1	4955.5	1734.0	1200.2	21426.3
2003	150600.5	10463.2	6310.2	14462.6	535.0	5708.5	7969.2	1736.0	1198.1	23384.7
2004	182370.4	12591.3	8406.3	13204.5	504.9	6532.6	12216.0	1857.2	1267.5	26666.5
2005	198431.7	13397.4	9449.8	10973.9	577.3	7307.5	14346.8	1822.4	1283.5	29180.5
2006	224017.3	14269.3	10882.8	9883.9	645.7	7378.6	18361.6	1776.9	1288.9	32121.6
2007	246676.9	15538.7	14423.6	9552.1	661.0	8028.8	19916.2	1852.5	1355.4	35075.1
2008	255628.7	16038.1	13247.7	10167.5	684.6	9094.8	21808.8	1804.6	1350.9	40110.8
2009	203674.6	10987.1	9316.5	9192.2	514.7	7727.5	16087.1	1519.5	1086.5	29992.8
2010	274600.6	16725.4	11282.1	14095.4	482.9	9333.2	23623.6	1895.9	1340.7	38071.9

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## Statistical Table 12

### GDP and GDP Growth of Taiwan Economy

US\$ millions

Year	Growth Rate (%)	Millions Dollar	Per Capita	Year	Growth Rate (%)	Millions Dollar	Per Capita
1951	...	1,228	158	1981	6.5	49,221	2,730
1952	11.8	1,711	213	1982	4.0	49,621	2,703
1953	9.9	1,506	181	1983	8.3	54,122	2,902
1954	10.0	1,656	192	1984	9.3	60,938	3,219
1955	7.8	1,973	220	1985	4.1	63,149	3,290
1956	5.3	1,420	153	1986	11.0	77,781	4,007
1957	7.4	1,658	173	1987	10.7	103,290	5,265
1958	6.9	1,856	187	1988	5.6	121,935	6,146
1959	8.0	1,456	142	1989	10.3	151,580	7,558
1960	6.9	1,753	164	1990	6.9	164,747	8,124
1961	6.3	1,785	162	1991	7.9	184,870	9,016
1962	8.0	1,963	172	1992	7.6	219,974	10,625
1963	9.8	2,218	189	1993	6.7	231,531	11,079
1964	11.6	2,587	213	1994	7.6	252,665	11,982
1965	10.8	2,859	229	1995	6.4	274,728	12,918
1966	8.7	3,192	248	1996	5.5	287,912	13,428
1967	10.4	3,687	279	1997	5.5	298,773	13,810
1968	9.0	4,295	317	1998	3.5	275,080	12,598
1969	8.7	4,979	354	1999	6.0	299,010	13,585
1970	10.6	5,735	393	2000	5.8	326,205	14,704
1971	12.5	6,665	447	2001	-1.7	293,712	13,147
1972	13.2	7,989	525	2002	5.3	301,088	13,404
1973	11.8	10,853	700	2003	3.7	310,757	13,773
1974	1.9	14,640	927	2004	6.2	339,973	15,012
1975	5.4	15,728	978	2005	4.7	364,832	16,051
1976	13.5	18,871	1,151	2006	5.4	376,375	16,491
1977	10.9	22,128	1,323	2007	6.0	393,134	17,154
1978	13.5	27,244	1,599	2008	0.7	400,132	17,399
1979	8.0	33,761	1,943	2009	-1.9	377,410	16,353
1980	7.3	42,221	2,385	2010	10.9	430,096	18,588

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## Statistical Table 13

### Foreign Trade and Foreign Trade Balance of Taiwan

Period	Value (NT\$ million)				Value (US\$ million)			
	Total	Exports	Imports	Balance	Total	Exports	Imports	Balance
1971	156,402	82,452	73,950	8,502	3,905	2,061	1,844	217
1972	220,721	119,897	100,824	19,073	5,512	2,997	2,514	483
1973	316,692	171,546	145,146	26,400	8,299	4,505	3,794	711
1974	481,109	215,423	265,686	-50,263	12,657	5,684	6,973	-1,289
1975	430,019	203,170	226,849	-23,679	11,316	5,354	5,962	-608
1976	601,536	311,874	289,662	22,212	15,831	8,218	7,613	605
1977	681,681	356,971	324,710	32,261	17,940	9,406	8,534	873
1978	880,137	471,028	409,109	61,919	23,802	12,755	11,047	1,709
1979	1,115,452	581,640	533,812	47,828	30,967	16,169	14,798	1,370
1980	1,427,038	714,624	712,414	2,210	39,639	19,878	19,760	118
1981	1,612,466	832,515	779,951	52,564	43,922	22,686	21,235	1,451
1982	1,605,258	867,847	737,411	130,436	41,219	22,297	18,923	3,374
1983	1,823,840	1,008,790	815,050	193,740	45,523	25,207	20,316	4,891
1984	2,081,820	1,209,578	872,242	337,336	52,574	30,580	21,994	8,586
1985	2,030,100	1,226,718	803,382	423,336	50,959	30,819	20,141	10,678
1986	2,427,176	1,509,630	917,546	592,084	64,125	39,931	24,195	15,736
1987	2,824,418	1,710,000	1,114,418	595,582	88,754	53,754	35,001	18,753
1988	3,159,381	1,735,138	1,424,243	310,895	110,497	60,784	49,713	11,071
1989	3,138,249	1,751,226	1,387,023	364,203	118,749	66,435	52,314	14,120
1990	3,282,108	1,808,420	1,473,688	334,732	122,211	67,425	54,786	12,639
1991	3,749,384	2,051,049	1,698,335	352,714	139,705	76,563	63,142	13,421
1992	3,890,137	2,064,353	1,825,784	238,569	154,475	82,122	72,353	9,770
1993	4,305,329	2,261,835	2,043,494	218,341	163,349	85,957	77,393	8,564
1994	4,759,927	2,489,032	2,270,895	218,137	179,998	94,300	85,698	8,602
1995	5,749,268	2,994,173	2,755,095	239,078	217,354	113,342	104,012	9,330
1996	6,051,842	3,221,533	2,830,309	391,224	220,503	117,581	102,922	14,659
1997	6,832,684	3,541,490	3,291,194	250,296	239,126	124,170	114,955	9,215
1998	7,282,981	3,760,473	3,522,508	237,965	217,825	112,595	105,230	7,366
1999	7,579,163	3,986,374	3,592,789	393,585	234,929	123,733	111,196	12,537
2000	9,120,512	4,729,286	4,391,226	338,060	292,682	151,950	140,732	11,218
2001	7,898,466	4,254,285	3,644,181	610,104	234,285	126,314	107,971	18,344
2002	8,588,819	4,670,404	3,918,415	751,989	248,562	135,317	113,245	22,072
2003	9,582,936	5,172,958	4,409,978	762,980	278,611	150,601	128,010	22,590
2004	11,753,907	6,097,235	5,656,672	440,563	351,128	182,370	168,758	13,613
2005	12,251,659	6,374,496	5,877,163	497,333	381,046	198,432	182,614	15,817
2006	13,883,655	7,279,318	6,604,337	674,981	426,715	224,017	202,698	21,319
2007	15,299,725	8,087,934	7,211,791	876,143	465,929	246,677	219,252	27,425
2008	15,561,463	8,010,379	7,551,084	459,295	496,077	255,629	240,448	15,181
2009	12,466,062	6,708,884	5,757,178	951,706	378,045	203,675	174,371	29,304
2010	16,600,319	8,656,832	7,943,487	713,345	525,837	274,601	251,236	23,364

(1) Merchandise exports are given at f.o.b. prices and merchandise imports at c.i.f. prices in this table and the following tables in this section.

**Resource: Taiwan Statistical Data Book 2011**

**Council for Economic Planning and Development, Executive Yuan, Republic of China**

<http://www.cepd.gov.tw/m1.aspx?sNo=0015742&ex=2&ic=0000153>

## Statistical Table 14

### Principal Statistics on Approved Indirect Investment in China

(By Industry)

Unit: US\$1,000

Period	Total		Agriculture, Forestry, Fishery and Animal Husbandry		Food, Beverage, and Tobacco Manufacturing		Textile Mills, Wearing Apparel and Clothing Accessories Manufacturing		Chemical Material and Chemical Products Manufacturing		Plastic and Rubber Products Manufacturing	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Total (1991-2010)	38,685	97,320,921	549	272,644	2,644	2,985,332	2,394	2,959,559	1,997	4,800,155	2,694	5,729,456
1991	237	174,158	0	0	19	19,308	31	26,823	8	2,907	48	49,007
1992	264	246,992	0	0	27	46,415	40	31,757	15	11,700	29	43,000
1993	9,329	3,168,411	152	29,568	791	324,555	900	280,068	527	159,360	683	295,168
1994	934	962,209	13	9,464	73	145,846	68	66,938	78	86,234	74	81,518
1995	490	1,092,713	4	2,149	32	117,447	38	80,701	28	86,566	33	97,399
1996	383	1,229,241	3	7,100	30	121,702	25	107,181	23	91,604	32	85,475
1997	8,725	4,334,313	210	48,646	1,151	333,073	579	275,306	513	212,539	674	388,817
1998	1,284	2,034,621	24	21,025	57	70,045	70	140,673	79	132,499	80	122,339
1999	488	1,252,780	5	4,629	19	58,250	19	40,406	33	138,705	28	105,470
2000	840	2,607,142	6	5,752	10	43,253	26	57,192	30	105,578	50	193,310
2001	1,186	2,784,147	6	10,389	26	58,420	42	91,799	37	154,214	78	214,511
2002	3,116	6,723,058	47	28,670	93	152,939	126	203,063	192	456,091	215	520,764
2003	3,875	7,698,784	54	37,270	105	353,050	190	407,793	199	568,553	294	486,929
2004	2,004	6,940,663	5	3,722	34	89,594	70	195,759	79	435,700	105	364,607
2005	1,297	6,006,953	4	7,893	28	53,430	56	188,853	57	359,399	53	356,874
2006	1,090	7,642,335	3	8,960	20	99,708	41	165,292	47	538,270	59	283,664
2007	996	9,970,545	8	17,104	14	71,648	35	160,771	9	249,254	62	681,808
2008	643	10,691,390	4	15,558	24	240,222	8	130,871	13	474,679	28	511,336
2009	590	7,142,593	0	7,188	42	365,671	14	117,335	18	291,570	23	362,273
2010	914	14,617,872	1	7,558	49	220,755	16	190,978	12	244,732	46	485,187

Resource: Taiwan Statistical Data Book 2011

Council for Economic Planning and Development, Executive Yuan, Republic of China

<http://www.cepd.gov.tw/m1.aspx?sNo=0015742&ex=2&ic=0000153>



## Statistical Table 14-1

### Principal Statistics on Approved Indirect Investment in China (Continued)

(By Industry)

Unit: US\$1,000

Period	Non-metallic Mineral Products Manufacturing		Basic Metal Industries and Fabricated Metal Products Manufacturing		Machinery and Equipment Manufacturing		Electronic Parts and Components Manufacturing		Computers, Electronic and Optical Products Manufacturing		Electrical Equipment Manufacturing	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Total (1991-2010)	1,553	4,152,053	3,185	7,797,788	1,954	4,088,744	2,502	19,068,300	2,687	14,124,340	3,002	8,237,768
1991	12	5,714	13	9,319	9	8,588	12	4,995	15	13,926	15	12,647
1992	9	4,476	19	9,164	4	5,546	1	1,528	22	11,269	14	23,060
1993	413	185,438	759	249,761	303	86,346	285	110,666	459	140,821	630	234,776
1994	37	82,607	77	86,578	57	49,023	35	40,769	54	48,264	72	74,714
1995	19	47,016	48	116,403	21	45,008	21	101,889	32	55,175	40	71,285
1996	12	35,940	36	126,723	23	54,894	20	88,429	22	115,059	31	85,695
1997	570	383,641	739	388,600	424	202,660	369	283,525	411	313,645	544	314,595
1998	65	87,872	117	131,326	88	118,900	73	281,402	107	341,687	142	160,820
1999	14	33,752	29	104,984	27	44,081	51	154,029	70	271,529	77	118,817
2000	8	83,524	94	179,726	38	72,545	104	412,348	137	698,776	133	427,457
2001	15	106,981	117	191,250	73	130,442	191	600,559	129	492,948	86	265,078
2002	93	214,841	249	619,153	200	286,238	209	1,087,523	341	1,062,716	319	629,683
2003	121	451,416	341	708,592	245	328,088	201	815,821	318	976,452	361	742,074
2004	47	421,313	131	714,526	129	213,734	121	1,482,225	194	1,139,980	159	593,254
2005	23	179,576	122	633,922	99	352,940	62	850,106	140	1,243,497	125	560,706
2006	23	386,827	91	620,432	75	214,726	94	1,618,566	111	1,472,132	105	664,726
2007	23	231,452	84	827,332	56	504,199	197	2,426,286	43	1,688,385	47	1,047,009
2008	14	223,749	34	1,025,837	20	473,594	169	2,051,917	25	1,783,302	23	1,065,871
2009	11	194,146	38	309,967	32	394,518	123	1,801,294	18	1,019,404	25	462,680
2010	24	791,772	47	744,193	31	502,675	164	4,854,424	39	1,235,374	54	682,822

Resource: Taiwan Statistical Data Book 2011

Council for Economic Planning and Development, Executive Yuan, Republic of China

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## Statistical Table 14-2

### Principal Statistics on Approved Indirect Investment in China (Continued)

Unit: US\$1,000

Period	Wholesale and Retail Trade		Transportation and Storage		Information and Communication		Finance, Insurance and Real Estate		Professional, Scientific and Technical Services		Others	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Total (1991-2010)	2,297	4,445,862	220	592,487	850	1,456,675	349	2,811,486	577	821,010	9,231	12,977,261
1991	1	200	0	0	0	0	0	0	0	0	54	20,724
1992	0	0	0	0	0	0	0	0	0	0	84	59,077
1993	170	70,755	35	4,992	15	3,340	18	4,046	58	7,667	3,131	981,084
1994	31	21,136	8	14,650	5	2,558	1	28	20	3,295	231	148,587
1995	32	56,190	6	14,212	4	1,475	1	100	7	2,321	124	197,377
1996	23	30,285	5	16,440	2	11,200	7	16,675	5	3,008	84	231,831
1997	287	124,902	15	30,283	26	4,601	39	67,755	93	8,473	2,081	953,252
1998	47	85,370	2	11,524	18	9,871	6	1,701	12	21,119	297	296,448
1999	26	19,748	5	8,049	12	7,347	3	19,435	7	2,103	63	121,446
2000	45	57,916	3	9,401	46	53,491	0	0	14	7,670	96	199,203
2001	110	117,211	8	16,512	106	55,077	17	3,512	19	6,713	126	268,531
2002	199	146,957	14	68,086	132	88,028	29	71,649	73	43,443	585	1,043,214
2003	255	175,404	30	25,597	86	65,402	90	279,616	71	18,507	914	1,258,220
2004	320	183,070	27	20,972	97	51,222	29	85,615	52	47,709	405	897,661
2005	143	274,288	14	99,039	79	106,252	19	48,363	50	25,519	223	666,296
2006	150	312,778	15	104,781	43	81,166	12	102,237	18	123,672	183	844,399
2007	138	411,902	8	36,136	62	151,269	17	131,595	20	58,497	173	1,275,898
2008	72	499,106	8	57,527	58	324,465	7	284,583	17	224,058	119	1,304,716
2009	82	743,150	9	31,210	27	106,845	4	65,917	8	17,011	116	852,415
2010	166	1,115,494	8	23,076	32	333,066	50	1,628,660	33	200,225	142	1,356,881

Resource: Taiwan Statistical Data Book 2011

Council for Economic Planning and Development, Executive Yuan, Republic of China

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## Statistical Table 15

### Trade and Investment across the Taiwan Strait

Year	Trade across the Taiwan Strait					Approved/Reported Indirect Investment in Mainland China			
	Exports to Mainland China		Imports from Mainland China		Balance (US\$ million)	Number of Cases	Amount (US\$ million)	% change from previous year	Average Amount Per Case (US\$ million)
	amount (US\$ million)	% change from previous year	amount (US\$ million)	% change from previous year					
		Export		Import					
1990	4,394.6	-	765.4	-	3,629.2	-	-		
1991	7,493.5	70.5	293.2	-61.7	7,200.3	237	174.2		0.7
1992	10,547.6	40.8	747.1	154.8	9,800.5	264	247.0	41.82%	0.9
1993	13,993.1	32.7	1,015.5	35.9	12,977.6	9,329	3,168.4	1182.80%	0.3
1994	16,022.5	14.5	1,858.7	83.0	14,163.8	934	962.2	-69.63%	1.0
1995	19,433.8	21.3	3,091.3	66.3	16,342.5	490	1,092.7	13.56%	2.2
1996	20,727.3	6.7	3,059.9	-1.0	17,667.4	383	1,229.2	12.49%	3.2
1997	22,455.2	8.3	3,915.3	28.0	18,539.9	8,725	4,334.3	252.60%	0.5
1998	19,840.9	-11.6	4,113.9	5.1	15,727.0	1,284	2,034.6	-53.06%	1.6
1999	21,312.5	7.4	4,528.9	10.1	16,783.6	488	1,252.8	-38.43%	2.6
2000	25,009.9	17.3	6,229.3	37.5	18,780.6	840	2,607.1	108.11%	3.1
2001	25,607.4	2.4	5,903.0	-5.2	19,704.4	1,186	2,784.1	6.79%	2.3
2002	31,528.8	23.1	7,968.6	35.0	23,560.2	3,116	6,723.1	141.48%	2.2
2003	38,292.7	21.5	11,017.9	38.3	27,274.8	3,875	7,698.8	14.51%	2.0
2004	48,930.4	27.8	16,792.3	52.4	32,138.1	2,004	6,940.7	-9.85%	3.5
2005	56,271.5	15.0	20,093.7	19.7	36,177.8	1,297	6,007.0	-13.45%	4.6
2006	63,332.4	12.5	24,783.1	23.3	38,549.3	1,090	7,642.3	27.22%	7.0
2007	74,245.9	17.2	28,015.0	13.0	46,230.9	996	9,970.5	30.46%	10.0
2008	73,977.8	-0.4	31,391.3	12.1	42,586.5	643	10,691.4	7.23%	16.6
2009	62,090.9	-16.1	24,423.5	-22.2	37,667.4	590	7,142.6	-33.19%	12.1
2010	84,832.2	36.6	35,952.2	47.2	48,880.0	914	14,617.9	104.66%	16.0

Resource: Taiwan Statistical Data Book 2011

Council for Economic Planning and Development, Executive Yuan, Republic of China

<http://www.cepd.gov.tw/ml.aspx?sNo=0015742&ex=2&ic=0000153>

## Statistical Table 16

### Total Global Trade with and without China for Taiwan

Total International Trade					Total International Trade (Excluding China)			
Value (US\$ million)					Value (US\$ million)			
Period	Total	Exports	Imports	Balance	Total	Exports	Imports )	Balance
1990	122210.60	67424.60	54786.00	12638.60	117050.60	63030.00	54020.60	9009.40
1991	139704.60	76562.60	63142.00	13420.60	131917.90	69069.10	62848.80	6220.30
1992	154474.70	82122.20	72352.50	9769.70	143180.00	71574.60	71605.40	-30.80
1993	163349.30	85956.60	77392.70	8563.90	148340.70	71963.50	76377.20	-4413.70
1994	179998.40	94300.40	85698.00	8602.40	162117.20	78277.90	83839.30	-5561.40
1995	217353.60	113342.00	104011.60	9330.40	194828.50	93908.20	100920.30	-7012.10
1996	220503.40	117581.00	102922.40	14658.60	196716.20	96853.70	99862.50	-3008.80
1997	239125.60	124170.20	114955.40	9214.80	212755.10	101715.00	111040.10	-9325.10
1998	217825.20	112595.40	105229.80	7365.60	193870.40	92754.50	101115.90	-8361.40
1999	234929.40	123733.30	111196.10	12537.20	209088.00	102420.80	106667.20	-4246.40
2000	292681.80	151949.80	140732.00	11217.80	261442.60	126939.90	134502.70	-7562.80
2001	234284.90	126314.30	107970.60	18343.70	202774.50	100706.90	102067.60	-1360.70
2002	248561.80	135316.70	113245.10	22071.60	209064.40	103787.90	105276.50	-1488.60
2003	278610.60	150600.50	128010.10	22590.40	229300.00	112307.80	116992.20	-4684.40
2004	351128.00	182370.40	168757.60	13612.80	285405.30	133440.00	151965.30	-18525.30
2005	381046.10	198431.70	182614.40	15817.30	304680.90	142160.20	162520.70	-20360.50
2006	426715.40	224017.30	202698.10	21319.20	338599.90	160684.90	177915.00	-17230.10
2007	465928.50	246676.90	219251.60	27425.30	363667.60	172431.00	191236.60	-18805.60
2008	496076.50	255628.70	240447.80	15180.90	390707.40	181650.90	209056.50	-27405.60
2009	378045.20	203674.60	174370.60	29304.00	291530.80	141583.70	149947.10	-8363.40
2010	525837.00	274600.60	251236.40	23364.20	405052.60	189768.40	215284.20	-25515.80

(1) Merchandise exports are given at f.o.b. prices and merchandise imports at c.i.f. prices in this table and the following tables in this section.

**Resource: Taiwan Statistical Data Book 2011**

**Council for Economic Planning and Development, Executive Yuan, Republic of China**

**<http://www.cepd.gov.tw/m1.aspx?sNo=0015742&ex=2&jc=0000153>**

## Statistical Table 17

### Structure of Gross Domestic Product by Industry for Major Countries

Unit: %

Country	% of 2008 GDP		
	Agriculture	Industry	Services
1. Republic of China	2	29	69
2. Australia	3	29	68
3. Austria	2	30	68
4. Brazil	6	28	66
5. Chile	4	44	53
6. China	11	47	42
7. France	2	20	78
8. Germany	1	30	70
9. India	18	28	54
10. Indonesia	15	49	37
11. Ireland	1	31	68
12. Italy	2	27	71
13. Japan	2	28	71
14. Korea, Rep. of	3	37	61
15. Mexico	4	36	60
16. Netherlands	2	26	73
17. Russian Federation	4	36	60
18. Singapore	0	26	74
19. United Kingdom	1	23	77
20. United States	1	22	78
		..	

Sources: 1. Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C.(Taiwan), *Statistical Abstract of National Income*, May 2011 2. The World Bank online database: <http://data.worldbank.org/>

**Resource: Taiwan Statistical Data Book 2011**  
**Council for Economic Planning and Development, Executive Yuan, Republic of China**  
<http://www.cepd.gov.tw/m1.aspx?sNo=0015742&ex=2&ic=0000153>

## Statistical Table 18

### Unemployment Rate in Major Countries

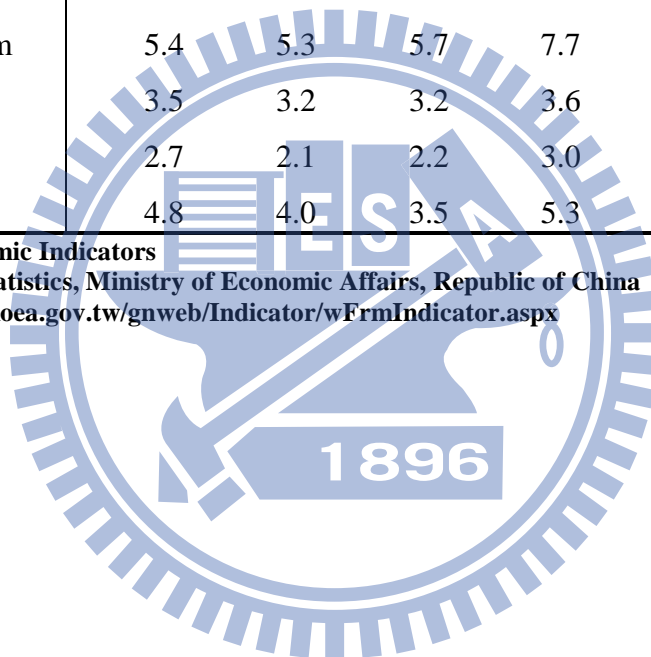
unit:%

	2006	2007	2008	2009	2010	2011
Taiwan	3.9	3.9	4.1	5.9	5.2	4.4
United States	4.6	4.6	5.8	9.3	9.6	8.9
Japan	4.1	3.9	4.0	5.1	5.1	4.5
Germany	10.8	9.0	7.8	8.1	7.7	7.1
France	8.8	8.0	7.4	9.1	9.8	9.3
United Kingdom	5.4	5.3	5.7	7.7	7.8	8.1
South Korea	3.5	3.2	3.2	3.6	3.7	3.4
Singapore	2.7	2.1	2.2	3.0	2.2	2.0
Hong Kong	4.8	4.0	3.5	5.3	4.3	3.5

Tables for Economic Indicators

Department of Statistics, Ministry of Economic Affairs, Republic of China

<http://2k3dmz2.moea.gov.tw/gnweb/Indicator/wFrIndicator.aspx>



## Statistical Table 19

### Annual Growth Rate for Major Export Partners of Taiwan

Unit: %

	2006	2007	2008	2009	2010	2011	2012 Jan-Apr
Total	12.9	10.1	3.6	-20.3	34.8	12.3	-4.7
NAFTA	11.1	0.6	-2.6	-24.3	33.8	15.9	-7.8
United States	11.2	-0.9	-4.0	-23.5	33.6	15.6	-9.7
Canada	4.7	4.5	0.1	-21.2	33.4	31.8	5.9
Mexico	21.5	40.1	23.4	-40.9	37.7	1.6	15.0
Asia	13.7	12.0	3.1	-17.4	36.2	11.5	-6.1
Japan	7.9	-2.2	10.2	-17.4	24.2	1.2	-7.8
Hong Kong	9.8	1.6	-13.9	-9.9	28.4	6.0	-11.4
China	18.7	20.5	7.2	-18.9	41.8	9.1	-9.7
South Korea	21.7	8.9	11.7	-16.1	46.3	15.9	-7.1
India	-7.1	59.2	28.4	-15.8	43.3	22.0	-28.3
ASEAN 6	13.8	16.7	7.3	-21.5	37.2	22.7	6.8
Viet Nam	18.7	40.9	15.8	-24.7	25.8	19.8	-5.2
Singapore	15.4	13.2	11.2	-26.2	40.4	39.5	22.8
Thailand	19.8	13.6	-5.6	-22.0	38.2	16.1	5.4
Malaysia	15.4	9.1	2.3	-26.4	46.5	15.9	-3.1
Indonesia	6.0	16.5	22.5	-9.5	39.8	7.3	-5.3
Philippines	3.7	9.8	-2.9	-7.3	34.9	16.4	7.0
Europe	10.5	9.7	4.6	-24.6	30.1	6.2	-4.2
EU 27	10.2	8.8	3.9	-24.0	28.1	4.6	-5.3
Germany	12.2	3.4	10.7	-18.0	38.7	5.5	-18.5
United Kingdom	7.6	3.1	0.3	-17.9	21.5	27.6	21.6
Netherlands	0.4	0.0	3.5	-7.4	24.4	-13.0	-4.8
France	7.7	8.9	1.5	-20.9	24.0	2.7	-7.0
Italy	22.1	9.8	1.6	-27.1	37.0	0.5	-26.9
Other European	15.7	26.3	15.1	-33.5	64.7	27.9	8.6
New Zealand	-16.9	42.3	16.4	-53.3	58.9	-8.2	66.8
Australia	13.8	18.7	7.8	-32.5	33.1	16.6	2.5
All Other Countries	14.5	12.8	21.1	-30.3	30.1	23.8	15.4
APEC 21	13.4	9.7	2.0	-19.0	36.0	12.1	-5.6

Tables for Economic Indicators

Department of Statistics, Ministry of Economic Affairs, Republic of China

<http://2k3dmz2.moea.gov.tw/gnweb/Indicator/wFrmlIndicator.aspx>

## Statistical Table 19-1

### Major Export Partners of Taiwan

Unit: Billions of U.S. dollar

	2006	2007	2008	2009	2010	2011	2012 Jan-Apr
Total	224.0	246.7	255.6	203.7	274.6	308.3	96.4
NAFTA	35.2	35.4	34.5	26.1	34.9	40.5	11.6
United States	32.4	32.1	30.8	23.6	31.5	36.4	10.2
Canada	1.8	1.9	1.9	1.5	1.9	2.6	0.8
Mexico	1.1	1.5	1.9	1.1	1.5	1.5	0.5
Asia	146.8	164.3	169.5	140.1	190.8	212.8	66.3
Japan	16.3	15.9	17.6	14.5	18.0	18.2	5.6
Hong Kong	37.4	38.0	32.7	29.4	37.8	40.1	11.4
China	51.8	62.4	66.9	54.2	76.9	84.0	25.7
South Korea	7.2	7.8	8.7	7.3	10.7	12.4	3.9
India	1.5	2.3	3.0	2.5	3.6	4.4	1.1
ASEAN 6	30.7	35.8	38.4	30.1	41.4	50.7	17.6
Viet Nam	4.9	6.9	7.9	6.0	7.5	9.0	2.8
Singapore	9.3	10.5	11.7	8.6	12.1	16.9	6.2
Thailand	4.6	5.2	4.9	3.8	5.3	6.1	2.2
Malaysia	4.9	5.4	5.5	4.1	5.9	6.9	2.1
Indonesia	2.5	2.9	3.6	3.2	4.5	4.8	1.6
Philippines	4.5	4.9	4.8	4.4	6.0	7.0	2.7
Europe	26.1	28.6	29.9	22.6	29.4	31.2	10.2
EU 27	24.6	27.0	28.1	21.3	27.3	28.6	9.2
Germany	5.0	5.2	5.7	4.7	6.5	6.9	1.9
United Kingdom	3.5	3.6	3.6	3.0	3.6	4.6	1.8
Netherland	4.4	4.4	4.6	4.2	5.3	4.6	1.5
France	1.6	1.7	1.7	1.4	1.7	1.7	0.6
Italy	2.2	2.4	2.4	1.8	2.4	2.5	0.7
Other European	1.5	1.6	1.9	1.3	2.1	2.7	0.9
New Zealand	0.4	0.5	0.6	0.3	0.5	0.4	0.2
Australia	2.7	3.2	3.5	2.4	3.1	3.7	1.2
All Other Countries	12.8	14.5	17.5	12.2	15.9	19.7	6.9
APEC 21	182.7	200.4	204.4	165.5	225.1	252.4	78.1

Tables for Economic Indicators

Department of Statistics, Ministry of Economic Affairs, Republic of China

<http://2k3dmz2.moea.gov.tw/gnweb/Indicator/wFrmIndicator.aspx>

## Statistical Table 19-2

### Major Export Destination Share of Taiwan Export

Unit: %

	2006	2007	2008	2009	2010	2011	2012 Jan-Apr
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
NAFTA	15.7	14.4	13.5	12.8	12.7	13.1	12.0
United States	14.4	13.0	12.0	11.6	11.5	11.8	10.6
Canada	0.8	0.8	0.7	0.7	0.7	0.8	0.9
Mexico	0.5	0.6	0.7	0.5	0.6	0.5	0.5
Asia	65.5	66.6	66.3	68.8	69.5	69.0	68.8
Japan	7.3	6.5	6.9	7.1	6.6	5.9	5.8
Hong Kong	16.7	15.4	12.8	14.5	13.8	13.0	11.9
China	23.1	25.3	26.2	26.6	28.0	27.2	26.7
South Korea	3.2	3.2	3.4	3.6	3.9	4.0	4.1
India	0.7	0.9	1.2	1.2	1.3	1.4	1.2
ASEAN 6	13.7	14.5	15.0	14.8	15.1	16.5	18.3
Viet Nam	2.2	2.8	3.1	2.9	2.7	2.9	2.9
Singapore	4.1	4.3	4.6	4.2	4.4	5.5	6.4
Thailand	2.0	2.1	1.9	1.9	1.9	2.0	2.3
Malaysia	2.2	2.2	2.2	2.0	2.2	2.2	2.2
Indonesia	1.1	1.2	1.4	1.6	1.6	1.6	1.7
Philippines	2.0	2.0	1.9	2.2	2.2	2.3	2.8
Europe	11.7	11.6	11.7	11.1	10.7	10.1	10.5
EU 27	11.0	10.9	11.0	10.5	9.9	9.3	9.6
Germany	2.2	2.1	2.2	2.3	2.4	2.2	2.0
United Kingdom	1.6	1.5	1.4	1.5	1.3	1.5	1.9
Netherland	2.0	1.8	1.8	2.1	1.9	1.5	1.5
France	0.7	0.7	0.7	0.7	0.6	0.6	0.6
Italy	1.0	1.0	1.0	0.9	0.9	0.8	0.7
Other European	0.7	0.7	0.7	0.6	0.8	0.9	1.0
New Zealand	0.2	0.2	0.2	0.1	0.2	0.1	0.2
Australia	1.2	1.3	1.4	1.2	1.1	1.2	1.3
All Other Countries	5.7	5.9	6.9	6.0	5.8	6.4	7.1
APEC 21	81.5	81.3	80.0	81.3	82.0	81.9	81.1

Tables for Economic Indicators

Department of Statistics, Ministry of Economic Affairs, Republic of China

<http://2k3dmz2.moea.gov.tw/gnweb/Indicator/wFrmIndicator.aspx>



## Statistical Table 20

### Annual Growth Rate for Major Import Partners of Taiwan

Unit: %

	2006	2007	2008	2009	2010	2011	2012 Jan-Apr
Total	11.0	8.2	9.7	-27.5	44.1	12.0	-3.8
NAFTA	7.1	17.7	-0.3	-31.6	40.0	3.3	-14.0
United States	7.1	17.0	-0.7	-31.0	39.8	1.5	-12.7
Canada	3.8	23.5	5.4	-35.9	33.6	31.9	-32.4
Mexico	20.1	39.0	-0.6	-41.8	71.2	5.2	-5.7
Asia	9.3	4.4	3.3	-21.2	45.1	10.4	-8.5
Japan	0.5	-0.8	1.2	-22.1	43.3	0.5	-13.3
Hong Kong	-10.9	-3.0	-18.2	-24.8	45.0	2.9	24.4
China	23.3	13.0	12.1	-22.2	47.2	21.3	-6.2
South Korea	13.3	1.1	-13.1	-20.2	52.8	11.2	-15.8
India	44.9	103.8	-8.0	-30.4	74.8	10.5	-15.0
ASEAN 6	10.4	1.7	8.0	-22.8	45.6	13.4	1.0
Viet Nam	21.2	22.6	16.3	-24.1	39.3	43.9	29.3
Singapore	2.9	-6.1	0.7	-0.3	58.8	4.2	8.3
Thailand	14.9	8.9	-10.0	-17.5	42.8	14.7	-24.0
Malaysia	16.0	2.3	9.2	-32.7	69.0	11.8	-3.6
Indonesia	14.6	11.0	26.2	-28.9	16.1	23.4	13.8
Philippines	-0.7	-17.9	-1.6	-28.0	43.8	4.1	-14.6
Europe	-2.0	9.9	3.8	-20.4	33.7	13.8	-4.6
EU 27	1.4	11.7	-1.5	-20.1	36.0	12.5	-5.4
Germany	-0.7	15.2	5.7	-24.1	45.7	14.1	-15.2
United Kingdom	3.9	7.8	-0.1	-35.8	36.0	15.5	0.4
Netherland	13.2	18.5	-15.2	-20.9	71.8	-8.2	-4.9
France	-12.8	7.3	-3.7	-22.2	26.1	21.1	11.3
Italy	6.4	-4.5	10.8	12.0	6.4	18.1	0.5
Other European	-15.6	1.5	32.8	-21.8	24.0	19.6	-0.6
New Zealand	-1.1	12.5	1.1	-19.7	33.0	19.7	-13.0
Australia	13.2	14.4	35.1	-27.9	49.5	22.3	-9.9
All Other Countries	31.8	12.1	36.5	-43.1	49.1	19.3	18.3
APEC(1)	8.3	6.0	4.4	-24.3	44.4	9.6	-8.7

Tables for Economic Indicators

Department of Statistics, Ministry of Economic Affairs, Republic of China

<http://2k3dmz2.moea.gov.tw/gnweb/Indicator/wFrmIndicator.aspx>

## Statistical Table 20-1

### Major Import Partners of Taiwan

Unit: Billions of U.S. dollar

	2006	2007	2008	2009	2010	2011	2012 Jan-Apr
Total	202.7	219.3	240.4	174.4	251.2	281.4	90.0
NAFTA	24.5	28.8	28.7	19.6	27.5	28.4	8.5
United States	22.7	26.5	26.3	18.2	25.4	25.8	7.8
Canada	1.4	1.7	1.8	1.1	1.5	2.0	0.5
Mexico	0.4	0.6	0.6	0.3	0.6	0.6	0.2
Asia	116.0	121.1	125.0	98.5	142.9	157.8	48.6
Japan	46.3	45.9	46.5	36.2	51.9	52.2	15.5
Hong Kong	1.9	1.8	1.5	1.1	1.6	1.7	0.7
China	24.8	28.0	31.4	24.4	35.9	43.6	13.3
South Korea	15.0	15.2	13.2	10.5	16.1	17.9	5.3
India	1.2	2.5	2.3	1.6	2.8	3.1	1.2
ASEAN 6	23.3	23.7	25.6	19.8	28.8	32.6	10.4
Viet Nam	0.8	1.0	1.2	0.9	1.3	1.8	0.7
Singapore	5.1	4.8	4.8	4.8	7.6	8.0	2.8
Thailand	3.3	3.6	3.3	2.7	3.8	4.4	1.2
Malaysia	6.1	6.2	6.8	4.6	7.7	8.6	2.5
Indonesia	5.2	5.8	7.3	5.2	6.0	7.4	2.6
Philippines	2.8	2.3	2.2	1.6	2.3	2.4	0.7
Europe	21.5	23.6	24.5	19.5	26.0	29.6	9.3
EU 27	17.8	19.9	19.6	15.7	21.3	24.0	7.5
Germany	6.1	7.1	7.5	5.7	8.3	9.4	2.5
United Kingdom	1.8	1.9	1.9	1.2	1.7	1.9	0.6
Netherland	2.3	2.8	2.4	1.9	3.2	2.9	1.1
France	2.2	2.4	2.3	1.8	2.3	2.7	0.9
Italy	1.5	1.5	1.6	1.8	1.9	2.3	0.7
Other European	3.7	3.6	4.8	3.8	4.7	5.6	1.8
New Zealand	0.5	0.6	0.6	0.5	0.6	0.7	0.2
Australia	5.3	6.1	8.3	6.0	8.9	10.9	3.1
All Other Countries	34.9	39.1	53.4	30.4	45.3	54.0	20.4
APEC 21	145.5	154.3	161.0	122.0	176.2	193.0	58.8

Tables for Economic Indicators

Department of Statistics, Ministry of Economic Affairs, Republic of China

<http://2k3dmz2.moea.gov.tw/gnweb/Indicator/wFrmIndicator.aspx>

## Statistical Table 20-2

### Major Import Source Share of Taiwan Import

Unit: %

	2006	2007	2008	2009	2010	2011	2012 Jan-Apr
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
NAFTA	12.1%	13.1%	11.9%	11.3%	10.9%	10.1%	9.4%
United States	11.2%	12.1%	10.9%	10.4%	10.1%	9.2%	8.6%
Canada	0.7%	0.8%	0.7%	0.7%	0.6%	0.7%	0.5%
Mexico	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Asia	57.2%	55.2%	52.0%	56.5%	56.9%	56.1%	53.9%
Japan	22.8%	21.0%	19.3%	20.8%	20.7%	18.5%	17.2%
Hong Kong	0.9%	0.8%	0.6%	0.6%	0.6%	0.6%	0.7%
China	12.2%	12.8%	13.1%	14.0%	14.3%	15.5%	14.8%
South Korea	7.4%	6.9%	5.5%	6.0%	6.4%	6.3%	5.8%
India	0.6%	1.2%	1.0%	0.9%	1.1%	1.1%	1.3%
ASEAN 6	11.5%	10.8%	10.6%	11.3%	11.5%	11.6%	11.5%
Viet Nam	0.4%	0.5%	0.5%	0.5%	0.5%	0.7%	0.7%
Singapore	2.5%	2.2%	2.0%	2.8%	3.0%	2.8%	3.1%
Thailand	1.6%	1.6%	1.4%	1.5%	1.5%	1.6%	1.3%
Malaysia	3.0%	2.8%	2.8%	2.6%	3.1%	3.1%	2.7%
Indonesia	2.6%	2.6%	3.0%	3.0%	2.4%	2.6%	2.9%
Philippines	1.4%	1.0%	0.9%	0.9%	0.9%	0.9%	0.8%
Europe	10.6%	10.7%	10.2%	11.2%	10.4%	10.5%	10.3%
EU 27	8.8%	9.1%	8.2%	9.0%	8.5%	8.5%	8.3%
Germany	3.0%	3.2%	3.1%	3.3%	3.3%	3.3%	2.8%
United Kingdom	0.9%	0.9%	0.8%	0.7%	0.7%	0.7%	0.7%
Netherland	1.2%	1.3%	1.0%	1.1%	1.3%	1.0%	1.2%
France	1.1%	1.1%	1.0%	1.0%	0.9%	1.0%	1.0%
Italy	0.8%	0.7%	0.7%	1.1%	0.8%	0.8%	0.8%
Other European	1.8%	1.7%	2.0%	2.2%	1.9%	2.0%	2.0%
New Zealand	0.2%	0.3%	0.2%	0.3%	0.2%	0.3%	0.2%
Australia	2.6%	2.8%	3.4%	3.4%	3.6%	3.9%	3.5%
All Other Countries	17.2%	17.8%	22.2%	17.4%	18.0%	19.2%	22.7%
APEC 21	71.8%	70.4%	67.0%	69.9%	70.1%	68.6%	65.3%

Tables for Economic Indicators

Department of Statistics, Ministry of Economic Affairs, Republic of China

<http://2k3dmz2.moea.gov.tw/gnweb/Indicator/wFrmIndicator.aspx>

# Statistical Table 21

## List of East Asian Regional Free Trade Agreement

	<b>Integrating Countries</b>	<b>Effective Date</b>	<b>Content</b>	
<b>Hong Kong</b>	New Zealand	Jan. 1, 2011	Goods and Services	
	Hong Kong	June 29, 2003	Goods and Services	
	Macao	Oct. 17, 2003	Goods and Services	
	ASEAN	Jan. 1, 2005	Goods	
		July 1, 2007	Service	
	Chile	Oct. 1, 2006	Goods	
		Aug. 1, 2010	Services	
	Pakistan	July 1, 2007	Goods	
		Oct. 1 2009	Services	
	<b>China</b>	New Zealand	Oct. 1, 2008	Goods and Services
Singapore		Jan 1, 2009	Goods and Services	
Peru		Mar. 1, 2010	Goods and Services	
Costa Rica		Aug. 1, 2011	Goods and Services	
<b>Japan</b>		Singapore	Nov. 30, 2002	Goods and Services
		Mexico	Apr. 1, 2005	Goods and Services
		Malaysia	July 13, 2006	Goods and Services
		Chile	Sep. 3, 2007	Goods and Services
		Thailand	Nov. 1, 2007	Goods and Services
		Indonesia	July 1, 2008	Goods and Services
	ASEAN	Dec. 1, 2008	Goods	
	Brunei Darussalam	July 31, 2008	Goods and Services	
	Philippines	Dec. 11, 2008	Goods and Services	
	Switzerland	Sep. 1, 2009	Goods and Services	
<b>Korea</b>	Viet Nam	Oct. 1, 2009	Goods and Services	
	India	Aug. 1, 2011	Goods and Services	
	Peru	Mar. 1, 2012	Goods and Services	
	<b>Singapore</b>	Chile	April 1, 2004	Goods and Services
		Singapore	Mar. 2, 2006	Goods and Services
		EFTA	Sep. 1, 2006	Goods and Services
			May 1, 2009	Services
		ASEAN	Jan. 1, 2010	Goods
		India	Jan. 1, 2010	Goods and Services
		European Union	July 1, 2011	Goods and Services
Peru		Aug. 1, 2011	Goods and Services	
Unites States		Mar. 15, 2012	Goods and Services	
<b>Malaysia</b>		New Zealand	Jan. 1, 2001	Goods and Services
	EFTA	Jan. 1, 2003	Goods and Services	
	Australia	July 28, 2003	Goods and Services	
	Unites States	Jan. 1, 2004	Goods and Services	
	India	Aug. 1, 2005	Goods and Services	
	Jordan	Aug. 22, 2005	Goods and Services	
	Panama	July 24, 2006	Goods and Services	
	Trans-Pacific Strategic Economic Partnership	May 28, 2006	Goods and Services	
	Peru	Aug. 1, 2009	Goods and Services	
	<b>Taiwan</b>	Pakistan	Jan. 1, 2008	Goods and Services
New Zealand		Aug. 1, 2010	Goods and Services	
India		July 1, 2011	Goods and Services	
<b>Thailand</b>		Panama	Jan. 1, 2004	Goods and Services
	Guatemala	July 1, 2006	Goods and Services	
	Nicaragua	Jan. 1, 2008	Goods and Services	
	El Salvador	May 1, 2008	Goods and Services	
<b>Thailand</b>	Honduras	May 1, 2008	Goods and Services	
	Lao	June 20, 1991	Goods and Services	
	Australia	Jan. 1, 2005	Goods and Services	
<b>Thailand</b>	New Zealand	July 1, 2005	Goods and Services	

Source: Regional Free Trade Agreement Database, World Trade Organization  
[http://www.wto.org/english/tratop\\_e/region\\_e/rta\\_participation\\_map\\_e.htm](http://www.wto.org/english/tratop_e/region_e/rta_participation_map_e.htm)

## Statistical Table 22

### List of FATs under Negotiation or Early Announcement

Integrating Countries or FTAs		
<b>China</b>	Australia	Early announcement-Under negotiation
	Norway	Early announcement-Under negotiation
	Switzerland	Early announcement-Under negotiation
<b>Japan</b>	Australia	Early announcement-Under negotiation
	Gulf Cooperation Council	Early announcement-Under negotiation
	Korea	Early announcement-Under negotiation
<b>Korea</b>	Japan	Early announcement-Under negotiation
	Canada	Early announcement-Under negotiation
	Mexico	Early announcement-Under negotiation
<b>Singapore</b>	Costa Rica	Early announcement-Under negotiation
	Canada	Early announcement-Under negotiation
	Ukraine	Early announcement-Under negotiation
<b>Malaysia</b>	Australia	Early announcement-Under negotiation
<b>Taiwan</b>	China	Early announcement has been mad, yet to be officially receive by WTO
<b>Indonesia</b>	EFTA	Early announcement-Under negotiation

Source: Regional Free Trade Agreement Database, World Trade Organization  
[http://www.wto.org/english/tratop\\_e/region\\_e/rtta\\_participation\\_map\\_e.htm](http://www.wto.org/english/tratop_e/region_e/rtta_participation_map_e.htm)



## Statistical Table 23

### Intra and Extra-ASEAN Trade, 2010

ASEAN  
Statistics

#### Intra- and extra-ASEAN trade, 2010

as of 15 Feb 2012

value in US\$ million; share in percent

Country	Intra-ASEAN exports	Extra-ASEAN exports	Total exports	Intra-ASEAN imports	Extra-ASEAN imports	Total imports	Intra-ASEAN trade		Extra-ASEAN trade		Total trade
	Value	Value		Value	Value		Value	Share to total trade	Value	Share to total trade	
Brunei Darussalam	1,061.5	7,553.9	8,615.4	1,206.1	1,177.6	2,383.8	2,267.6	20.6	8,731.5	79.4	10,999.2
Cambodia	702.5	4,881.0	5,583.6	1,682.0	3,214.7	4,896.8	2,384.6	22.8	8,095.8	77.2	10,480.3
Indonesia	33,347.5	124,431.6	157,779.1	47,125.1	88,538.1	135,663.3	80,472.6	27.4	212,969.7	72.6	293,442.4
Lao PDR	1,150.6	1,282.2	2,432.8	1,425.9	650.4	2,076.4	2,576.5	57.1	1,932.6	42.9	4,509.1
Malaysia	50,485.0	148,315.9	198,800.8	44,785.7	119,947.8	164,733.5	95,270.6	26.2	268,263.7	73.8	363,534.3
Myanmar	3,739.9	3,859.6	7,599.5	1,993.2	2,205.6	4,198.7	5,733.1	48.6	6,065.2	51.4	11,798.3
The Philippines	11,557.6	39,874.1	51,431.7	16,269.8	41,958.8	58,228.6	27,827.5	25.4	81,832.9	74.6	109,660.3
Singapore	111,268.2	259,926.1	371,194.3	78,715.0	249,364.0	328,078.9	189,983.2	27.2	509,290.1	72.8	699,273.3
Thailand	44,334.5	150,977.8	195,312.3	42,276.2	147,452.3	189,728.4	86,610.7	22.5	298,430.1	77.5	385,040.8
Viet Nam	10,333.6	61,858.3	72,191.9	16,344.7	68,456.5	84,801.2	26,678.3	17.0	130,314.8	83.0	156,993.1
<b>ASEAN</b>	<b>267,981.0</b>	<b>802,960.4</b>	<b>1,070,941.4</b>	<b>251,823.8</b>	<b>722,965.8</b>	<b>974,789.6</b>	<b>519,804.7</b>	<b>25.4</b>	<b>1,525,926.3</b>	<b>74.6</b>	<b>2,045,731.0</b>

Source ASEAN Merchandise Trade Statistics Database (compiled/computed from data submission, publications and/or websites of ASEAN Member States' national ASEAN Free Trade Area (AFTA) units, national statistics offices, customs departments/agencies, or central banks)

Notes

- not available as of publication time  
x not available/not compiled

1/ identified/ranked based on share of total ASEAN exports/imports  
2/ includes trade of all other countries and those that could not be attributed to specific countries  
Some figures may not sum up to totals due to rounding off errors.

Source: ASEAN Statistic Year Book 2010, Association of Southeast Asian Nations  
<http://www.aseansec.org/18137.htm>

## Statistical Table 24

### Top Ten ASEAN Export Destination and Import Origins, 2010

ASEAN Statistics

#### Top ten export markets and import origins, 2010

as of 15 Feb 2012

value in US\$ million; share in percent

Export market			Import origin		
Country of destination <sup>1/</sup>	Value of exports	Share to total	Country of origin <sup>1/</sup>	Value of Imports	Share to total
ASEAN	267,981.0	25.0	ASEAN	251,823.8	25.8
European Union-27	115,036.4	10.7	China	119,013.4	12.2
China	112,999.8	10.6	Japan	103,746.3	10.6
Japan	102,890.8	9.6	European Union-27	93,548.4	9.6
USA	100,464.7	9.4	USA	86,220.0	8.8
Republic of Korea	44,980.1	4.2	Republic of Korea	53,648.2	5.5
India	36,028.7	3.4	Hong Kong	21,292.3	2.2
Australia	35,250.8	3.3	Australia	20,175.4	2.1
Hong Kong	33,039.4	3.1	India	19,414.7	2.0
Taiwan	16,122.3	1.5	Taiwan	18,989.3	1.9
Total top ten destination countries	864,794.0	80.8	Total top ten origin countries	787,871.8	80.8
Others <sup>2/</sup>	206,147.4	19.2	Others <sup>2/</sup>	186,917.8	19.2
Total from Plus One (s)	332,150.2	31.0		315,998.1	32.4
Total	1,070,941.4	100.0	Total	974,789.6	100.0

Source ASEAN Merchandise Trade Statistics Database (compiled/computed from data submission, publications and/or websites of ASEAN Member States' national ASEAN Free Trade Area (AFTA) units, national statistics offices, customs departments/agencies, or central banks)

#### Notes

- not available as of publication time

1/ identified/ranked based on share of total ASEAN exports/imports

x not available/not compiled

2/ includes trade of all other countries and those that could not be attributed to specific countries

Some figures may not sum up to totals due to rounding off errors.

Source: ASEAN Statistic Year Book 2010, Association of Southeast Asian Nations

<http://www.aseansec.org/18137.htm>

## Statistical Table 25

### Import & Export Data and Intra-Extra Trade Relationship for ASEAN

In million U.S. Dollars

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total ASEAN Export	296,697	323,361	342,651	316,651	341,812	410,141	370,356	383,854	452,557
Total ASEAN Import	318,555	350,606	355,972	259,457	281,346	348,960	320,635	329,963	371,982
Extra ASEAN Exports	226,518	242,388	257,318	247,338	266,908	316,761	287,675	297,148	336,956
Intra ASEAN Exports	70,179	80,974	85,352	69,313	74,904	93,380	82,681	86,707	115,601
Extra ASEAN Exports (%)	76.35%	74.96%	75.10%	78.11%	78.09%	77.23%	77.68%	77.41%	74.46%
Intra ASEAN Exports (%)	23.65%	25.04%	24.91%	21.89%	21.91%	22.77%	22.32%	22.59%	25.54%

	2004	2005	2006	2007	2008	2009	2010
Total ASEAN Export	569,369	648,147	750,708	859,804	879,143	810,489	1,070,941
Total ASEAN Import	502,479	576,742	654,098	750,984	831,229	726,354	974,790
Extra ASEAN Exports	428,253	484,285	561,531	642,470	636,682	610,902	793,960
Intra ASEAN Exports	141,116	163,862	189,177	217,334	242,460	199,587	276,981
Extra ASEAN Exports (%)	75.22%	74.72%	74.80%	74.72%	72.42%	75.37%	74.14%
Intra ASEAN Exports (%)	24.78%	25.28%	25.20%	25.28%	27.58%	24.63%	25.86%

Source: ASEAN Statistic Year Book 2008, 2009, 2010, Association of Southeast Asian Nations

<http://www.aseansec.org/>



## Statistical Table 26

### Share of EU in the World Trade

INDIC\_ET  
SITC06

**Trade balance in million ECU/EURO**  
Total - All products

GEO/TIME	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
European Union (27 countries)	-94,436	-45,068	-66,028	-74,567	-126,849	-192,686	-194,459	-256,424	-109,353	-158,986
Canada	44,032	31,878	28,159	34,857	37,061	30,392	28,628	31,867	-4,015	-4,104
United States	-501,416	-538,348	-514,041	-568,665	-665,526	-702,427	-623,555	-588,071	-390,869	-520,018
Japan	60,365	83,657	78,274	88,839	63,560	53,887	67,190	12,835	20,601	58,248

Special values:

0 less than half the final digit shown and greater than real zero  
: not available

**Eurostat, European Commission**

[http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)

## Statistical Table 27

### Extra-EU Trade by Member State (Imports)

SITC06

Total - All products

PARTNER

Extra EU-27

Share of imports by partner in total imports (%)

GEO/TIME	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
European Union (27 countries)	34.2	33.9	34.0	35.5	35.9	35.6	37.2	36.2	37.9	38.2
Belgium	27.1	26.4	27.2	27.9	28.5	29.4	30.1	29.2	30.7	31.7
Bulgaria	42.3	42.3	43.0	37.4	38.9	41.5	43.3	40.0	41.5	40.8
Czech Republic	27.5	28.6	19.7	18.6	19.5	19.9	23.1	21.9	25.1	25.6
Denmark	25.2	26.6	29.2	29.0	27.8	27.2	28.4	30.1	29.5	29.0
Germany (including former GDR 1991)	34.3	33.9	34.4	35.5	36.3	35.4	36.4	35.4	36.8	36.4
Estonia	31.1	35.0	26.3	23.7	25.6	21.4	20.2	19.6	20.3	21.6
Ireland	33.0	37.2	34.2	33.3	31.5	30.0	30.1	34.5	32.7	30.4
Greece	44.3	41.8	39.8	41.8	42.7	43.7	45.6	43.5	48.9	47.5
Spain	30.9	30.7	32.1	35.8	38.2	37.0	40.7	37.7	41.0	42.5
France	31.4	29.8	30.4	32.5	30.8	30.5	31.8	30.8	31.7	32.4
Italy	37.2	36.7	37.8	40.6	42.4	42.3	45.4	42.6	45.2	46.7
Cyprus	42.5	39.7	30.7	30.8	31.4	31.1	32.1	27.8	30.0	30.2
Latvia	22.5	24.5	24.3	24.7	23.5	22.6	24.5	24.6	23.9	22.6
Lithuania	43.2	43.9	36.5	40.5	37.2	31.7	42.4	40.9	43.4	44.1
Luxembourg	16.7	22.5	24.0	27.6	29.5	26.3	25.3	28.6	19.6	18.5
Hungary	35.0	35.5	31.5	30.1	29.8	30.5	31.8	31.4	32.3	30.6
Malta	31.8	31.8	26.8	24.2	29.3	26.3	24.2	25.1	31.1	27.1
Netherlands	44.8	45.1	46.8	50.6	50.2	49.9	51.9	51.0	53.4	53.5
Austria	19.2	18.2	17.3	19.5	20.3	20.7	22.0	22.1	22.5	23.2
Poland	30.3	30.4	24.7	24.7	27.0	26.7	28.1	27.4	29.2	30.6
Portugal	20.1	20.5	22.9	22.4	23.0	23.4	25.2	21.4	24.3	27.0
Romania	31.8	31.8	34.1	37.0	36.6	28.7	30.3	26.9	27.5	27.4
Slovenia	22.5	23.5	17.9	20.6	22.3	26.3	28.7	29.1	32.1	32.4
Slovakia	27.0	25.6	21.2	22.2	24.8	25.4	26.9	25.1	28.0	27.7
Finland	30.1	31.7	32.7	33.3	36.0	35.9	38.0	35.0	35.8	38.5
Sweden	28.9	28.1	27.8	29.6	30.3	28.9	30.9	32.1	33.0	31.8
United Kingdom	42.7	43.3	44.0	43.7	42.3	45.1	46.7	47.1	48.5	48.9

Special values:

0

less than half the final digit shown and greater than real zero

:

not available

**Eurostat, European Commission**

[http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)

## Statistical Table 28

### Extra-EU Trade by Member State (Exports)

SITC06

Total - All products

PARTNER

Extra EU-27

#### Share of exports by partner in total exports (%)

GEO/TIME	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
European Union (27 countries)	32.0	31.2	31.5	32.2	31.7	31.8	32.5	33.3	34.7	35.3
Belgium	24.6	22.8	23.0	23.3	23.6	23.9	23.1	24.3	27.0	27.9
Bulgaria	37.9	36.8	37.8	40.0	39.3	39.2	40.0	35.1	39.1	37.5
Czech Republic	14.3	12.7	12.9	14.5	14.3	14.7	15.1	15.2	16.0	17.0
Denmark	30.3	29.8	29.4	29.3	28.9	29.9	30.2	32.5	34.1	34.2
Germany (including former GDR 1991)	36.6	35.1	35.4	35.7	36.4	35.3	36.7	37.6	39.9	40.7
Estonia	18.3	17.6	19.6	21.9	34.4	29.8	29.9	30.5	31.4	33.8
Ireland	34.0	37.6	37.1	36.2	36.7	36.5	37.2	38.8	41.9	41.9
Greece	39.2	35.1	35.8	38.2	36.1	35.0	34.8	36.6	37.4	49.4
Spain	25.2	24.7	25.7	27.6	28.8	29.2	30.4	30.2	31.3	33.1
France	34.9	33.3	34.0	36.5	34.5	34.5	36.1	37.6	39.1	38.9
Italy	39.1	37.6	38.1	38.8	38.8	39.1	41.1	42.4	42.7	44.0
Cyprus	42.4	38.7	32.7	26.8	29.8	28.2	30.7	33.1	33.8	32.0
Latvia	22.2	20.6	22.6	23.5	27.5	27.5	31.4	32.4	32.8	34.1
Lithuania	30.7	37.2	32.8	34.3	36.4	35.2	39.7	35.7	39.0	38.6
Luxembourg	11.7	10.7	9.7	10.5	10.7	12.2	11.6	12.7	16.2	19.0
Hungary	15.5	15.8	16.9	19.1	20.8	21.0	21.8	21.3	22.8	24.1
Malta	52.6	51.2	50.6	47.9	48.1	50.7	53.2	60.0	58.9	63.1
Netherlands	19.6	19.6	20.1	20.2	20.8	21.9	21.1	22.6	22.8	22.5
Austria	25.1	24.7	26.5	28.2	28.0	27.4	27.8	28.3	28.7	29.5
Poland	18.8	18.1	19.7	21.4	21.0	21.1	22.2	20.4	20.9	22.2
Portugal	18.6	18.9	19.9	19.7	21.9	22.9	25.6	24.6	25.0	26.0
Romania	26.2	24.7	25.3	29.9	29.7	28.0	29.5	25.8	27.8	28.9
Slovenia	31.4	31.8	32.5	31.8	31.6	30.7	31.9	30.7	28.9	29.0
Slovakia	10.5	14.1	13.3	12.8	13.2	13.2	14.6	14.1	15.6	15.3
Finland	38.9	39.8	41.9	43.2	42.7	43.2	44.1	44.4	45.7	44.4
Sweden	41.5	41.3	41.0	41.0	39.8	38.8	39.9	41.6	42.9	44.0
United Kingdom	38.6	40.8	41.2	42.6	37.1	41.8	43.0	44.9	46.1	46.3

Special values:

0

less than half the final digit shown and greater than  
real zero

:

not available

**Eurostat, European Commission**

[http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)

## Statistical Table 29

### Intra and Extra Trade for ASEAN FTA, 2010

ASEAN  
Statistics

#### Intra- and extra-ASEAN trade, 2010

as of 15 Feb 2012

value in US\$ million; share in percent

Country	Intra-ASEAN exports	Extra-ASEAN exports	Total exports	Intra-ASEAN imports	Extra-ASEAN imports	Total imports	Intra-ASEAN trade		Extra-ASEAN trade		Total trade
	Value	Value		Value	Value		Value	Share to total trade	Value	Share to total trade	
Brunei Darussalam	1,061.5	7,553.9	8,615.4	1,206.1	1,177.6	2,383.8	2,267.6	20.6	8,731.5	79.4	10,999.2
Cambodia	702.5	4,881.0	5,583.6	1,682.0	3,214.7	4,896.8	2,384.6	22.8	8,095.8	77.2	10,480.3
Indonesia	33,347.5	124,431.6	157,779.1	47,125.1	88,538.1	135,663.3	80,472.6	27.4	212,969.7	72.6	293,442.4
Lao PDR	1,150.6	1,282.2	2,432.8	1,425.9	650.4	2,076.4	2,576.5	57.1	1,932.6	42.9	4,509.1
Malaysia	50,485.0	148,315.9	198,800.8	44,785.7	119,947.8	164,733.5	95,270.6	26.2	268,263.7	73.8	363,534.3
Myanmar	3,739.9	3,859.6	7,599.5	1,993.2	2,205.6	4,198.7	5,733.1	48.6	6,065.2	51.4	11,798.3
The Philippines	11,557.6	39,874.1	51,431.7	16,269.8	41,958.8	58,228.6	27,827.5	25.4	81,832.9	74.6	109,660.3
Singapore	111,268.2	259,926.1	371,194.3	78,715.0	249,364.0	328,078.9	189,983.2	27.2	509,290.1	72.8	699,273.3
Thailand	44,334.5	150,977.8	195,312.3	42,276.2	147,452.3	189,728.4	86,610.7	22.5	298,430.1	77.5	385,040.8
Viet Nam	10,333.6	61,858.3	72,191.9	16,344.7	68,456.5	84,801.2	26,678.3	17.0	130,314.8	83.0	156,993.1
<b>ASEAN</b>	<b>267,981.0</b>	<b>802,960.4</b>	<b>1,070,941.4</b>	<b>251,823.8</b>	<b>722,965.8</b>	<b>974,789.6</b>	<b>519,804.7</b>	<b>25.4</b>	<b>1,525,926.3</b>	<b>74.6</b>	<b>2,045,731.0</b>

Source ASEAN Merchandise Trade Statistics Database (compiled/computed from data submission, publications and/or websites of ASEAN Member States' national ASEAN Free Trade Area (AFTA) units, national statistics offices, customs departments/agencies, or central banks)

Notes

- not available as of publication time  
x not available/not compiled

1/ identified/ranked based on share of total ASEAN exports/imports  
2/ includes trade of all other countries and those that could not be attributed to specific countries  
Some figures may not sum up to totals due to rounding off errors.

Source: ASEAN Statistic Year Book 2009, Association of Southeast Asian Nations  
<http://www.aseansec.org/18137.htm>

## Statistical Table 30

### Ten Export Markets and Import Origins for ASEAN, 2009

ASEAN Statistics

#### Top ten export markets and import origins, 2009

as of 15 Feb 2012

value in US\$ million; share in percent

Export market			Import origin		
Country of destination <sup>1/</sup>	Value of exports	Share to total	Country of origin <sup>1/</sup>	Value of Imports	Share to total
ASEAN	199,587.3	24.6	ASEAN	176,620.1	24.3
European Union-27	92,990.9	11.5	China	96,594.3	13.3
USA	82,201.8	10.1	Japan	82,795.1	11.4
China	81,591.0	10.1	European Union-27	78,795.0	10.8
Japan	78,068.6	9.6	USA	67,370.3	9.3
Hong Kong	56,696.7	7.0	Republic of Korea	40,447.4	5.6
Republic of Korea	34,292.9	4.2	Saudi Arabia	17,907.1	2.5
Australia	29,039.3	3.6	Australia	14,810.8	2.0
India	26,520.3	3.3	United Arab Emirates	13,797.0	1.9
United Arab Emirates	10,569.5	1.3	India	12,595.5	1.7
Total top ten destination countries	691,558.3	85.3	Total top ten origin countries	601,732.6	82.8
Others <sup>2/</sup>	118,930.9	14.7	Others <sup>2/</sup>	124,626.9	17.2
Total	810,489.2	100.0	Total	726,359.5	100.0

Source ASEAN Merchandise Trade Statistics Database (compiled/computed from data submission, publications and/or websites of ASEAN Member States' national ASEAN Free Trade Area (AFTA) units, national statistics offices, customs departments/agencies, or central banks)

#### Notes

- not available as of publication time
  - x not available/not compiled
  - 1/ identified/ranked based on share of total ASEAN exports/imports
  - 2/ includes trade of all other countries and those that could not be attributed to specific countries
- Some figures may not sum up to totals due to rounding off errors.

Source: ASEAN Statistic Year Book 2009, Association of Southeast Asian Nations  
<http://www.aseansec.org/18137.htm>

## Statistical Table 31

### Top Ten ASEAN Trade Partner Countries, 2010

ASEAN Statistics

Top ten ASEAN trade partner countries/regions, 2010  
as of 15 Feb 2012

value in US\$ million; share in  
percent

Trade partner country/region <sup>1/</sup>	Value			Share to total ASEAN trade		
	Exports	Imports	Total trade	Exports	Imports	Total trade
ASEAN	267,981.0	251,823.8	519,804.7	25.0	25.8	25.4
China	112,999.8	119,013.4	232,013.2	10.6	12.2	11.3
European Union-27	115,036.4	93,548.4	208,584.8	10.7	9.6	10.2
Japan	102,890.8	103,746.3	206,637.1	9.6	10.6	10.1
USA	100,464.7	86,220.0	186,684.7	9.4	8.8	9.1
Republic of Korea	44,980.1	53,648.2	98,628.3	4.2	5.5	4.8
India	36,028.7	19,414.7	55,443.4	3.4	2.0	2.7
Australia	35,250.8	20,175.4	55,426.3	3.3	2.1	2.7
Hong Kong	33,039.4	21,292.3	54,331.7	3.1	2.2	2.7
Taiwan	16,122.3	18,989.3	35,111.6	1.5	1.9	1.7
Total top ten trade partner countries	864,794.0	787,871.8	1,652,665.8	80.8	80.8	80.8
Others <sup>2/</sup>	206,147.4	186,917.8	393,065.2			
<b>Total</b>	<b>1,070,941.4</b>	<b>974,789.6</b>	<b>393,065.2</b>	<b>19.2</b>	<b>19.2</b>	<b>19.2</b>
			<b>2,045,731.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source ASEAN Merchandise Trade Statistics Database (compiled/computed from data submission, publications and/or websites of ASEAN Member States' national ASEAN Free Trade Area (AFTA) units, national statistics offices, customs departments/agencies, or central banks)

Notes

- not available as of publication time

x not available/not compiled

1/ identified/ranked based on share of total trade

2/ includes trade of all other countries and those that could not be attributed to specific countries  
Some figures may not sum up to totals due to rounding off errors.

Source: ASEAN Statistic Year Book 2010, Association of Southeast Asian Nations  
<http://www.aseansec.org/18137.htm>

## Statistical Table 32

### Composition of Imports of Taiwan

Period	Value (US\$ million)				Percentage Distribution (%)			
	Total	Capital Goods	Agricultural & Industrial Raw Materials	Consumer Goods	Total	Capital Goods	Agricultural & Industrial Raw Materials	Consumer Goods
1981	21,199.5	3,441.3	16,308.3	1,449.9	100.0	16.2	76.9	6.8
1982	18,888.5	3,083.1	14,251.7	1,553.7	100.0	16.3	75.5	8.2
1983	20,287.0	2,820.5	15,884.9	1,581.6	100.0	13.9	78.3	7.8
1984	21,959.2	2,990.9	17,270.1	1,698.2	100.0	13.6	78.6	7.7
1985	20,102.0	2,836.8	15,458.2	1,807.0	100.0	14.1	76.9	9.0
1986	24,181.5	3,632.2	18,270.2	2,279.2	100.0	15.0	75.6	9.4
1987	34,983.4	5,614.2	25,906.4	3,462.8	100.0	16.0	74.1	9.9
1988	49,672.8	7,391.0	36,598.1	5,683.7	100.0	14.9	73.7	11.4
1989	52,265.3	8,560.8	37,696.3	6,008.2	100.0	16.4	72.1	11.5
1990	54,715.8	9,585.6	38,541.8	6,588.4	100.0	17.5	70.4	12.0
1991	62,860.6	10,531.9	45,501.1	6,827.6	100.0	16.8	72.4	10.9
1992	72,006.8	12,868.0	49,867.5	9,271.4	100.0	17.9	69.3	12.9
1993	77,061.2	13,005.5	54,143.0	9,912.5	100.0	16.9	70.3	12.9
1994	85,349.4	13,611.0	60,300.6	11,437.5	100.0	15.9	70.7	13.4
1995	103,550.0	16,872.0	74,560.5	12,117.5	100.0	16.3	72.0	11.7
1996	102,370.1	18,355.2	70,636.3	13,378.6	100.0	17.9	69.0	13.1
1997	114,424.6	21,734.8	77,131.5	15,558.3	100.0	19.0	67.4	13.6
1998	104,665.3	24,301.0	66,772.5	13,591.9	100.0	23.2	63.8	13.0
1999	110,689.9	29,239.2	70,978.1	10,472.8	100.0	26.4	64.1	9.5
2000	140,732.2	39,421.9	89,206.0	12,104.4	100.0	28.0	63.4	8.6
2001	107,970.7	27,037.5	70,139.4	10,793.7	100.0	25.0	65.0	10.0
2002	113,245.3	26,118.5	75,943.2	11,183.6	100.0	23.1	67.1	9.9
2003	128,010.2	26,257.6	89,714.4	12,038.1	100.0	20.5	70.1	9.4
2004	168,757.5	36,184.0	118,742.4	13,831.1	100.0	21.4	70.4	8.2
2005	182,614.4	34,695.7	132,172.5	15,746.1	100.0	19.0	72.4	8.6
2006	202,698.3	34,524.1	152,788.0	15,386.1	100.0	17.0	75.4	7.6
2007	219,251.9	35,565.9	167,758.0	15,927.9	100.0	16.2	76.5	7.3
2008	240,447.8	32,687.5	190,854.5	16,905.8	100.0	13.6	79.4	7.0
2009	174,370.5	25,722.1	132,502.0	16,146.3	100.0	14.8	76.0	9.3
2010	251,236.2	41,775.3	189,563.4	19,897.7	100.0	16.6	75.5	7.9

**Tables for Economic Indicators**

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<http://2k3dmz2.moea.gov.tw/gnweb/Indicator/wFrmlIndicator.aspx>